

STANDARD MORTGAGE TERMS

FILED BY: ROYAL BANK OF CANADA

The following set of standard mortgage terms is deemed to be included in and form a part of every mortgage in which this set is referred to by and adopted by reference to its filing number, as provided by Section 219.1 of the Act.

1. DEFINITIONS

In this set of standard mortgage terms and every mortgage in Form B under the Regulation which adopts it by reference to its filing number and in all schedules and addenda to each such Form B:

"Act" means the Land Title Act, R.S.B.C. 1979, c. 219, as amended.

"Amount of Each Periodic Payment" means the amount set out in Item 5(g) of Part 1.

"Balance Due Date" means the date or time set out in Item 5(l) of Form B.

"First Payment Date" means the date set out in Item 5(f) of Form B.

"Form B" means each and any form identified by the heading and in the form of "Form B" in Schedule A to the Regulation and which refers to this set of standard mortgage terms by this set's filing number.

"Guarantee" means any guarantee or guarantees collaterally secured, in whole or in part, by this Mortgage and any modifications, renewals or replacements of the said guarantee or guarantees from time to time.

"Interest Adjustment Date" means the date set out in Item 5(c) of Form B.

"Interest Rate" means the rate of interest set out in Item 5(b) of Form B.

"Last Payment Date" means the date set out in Item 5(i) of Form B.

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

"Mortgagor" means the party or parties described in Part 1 as the "Borrower(s) [Mortgagor(s)]".

"Mortgagee" means the party or parties described in Part 1 as the "Lender(s) [Mortgagee(s)]".

"Mortgaged Land" means the lands and premises or the Mortgagor's interest therein described in Part 1 as the lands and premises charged by the Mortgage together with all benefits, easements, licences, privileges, rights of way and servitudes appertaining thereto or connected therewith and every other thing referred to in Section 10 of the Land Transfer Form Act (British Columbia) together with all buildings, erections, fixtures and improvements fixed or otherwise now on or hereafter put upon such lands including, but without limiting the generality of the foregoing, all

fences, heating, piping, plumbing, aerials, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, furnaces, light fixtures, appliances, stoves, dishwashers, refrigerators, washers, dryers, and wall to wall carpets, now or hereafter installed in the lands and premises or used in connection therewith, whether or not attached to the premises other than by their own weight, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight.

"Note" means any promissory note or notes collaterally secured, in whole or in part, by this Mortgage and any modifications, renewals or replacements of the said note or notes from time to time.

"Part 1" means all of the terms, conditions and other information contained in Form B and any schedule or attachment to Form B and which does not form a part of Part 2.

"Part 2" means this set of standard mortgage terms.

"Payment Dates" means those dates or days set out in Item 5(e) of Form B.

"Personal Loan Base Rate" or "Personal Loan Base Rate of the Mortgagee" means the annual rate of interest announced from time to time by the Mortgagee as a reference rate then in effect for determining interest rates on Canadian dollar personal loans in Canada. In the event that it may be necessary at any time for the Mortgagee to prove the Personal Loan Base Rate of the Mortgagee applicable as at any time or times a certificate in writing of the manager for the time being of the branch or unit of the Mortgagee responsible for the collection of the monies secured by this Mortgage, setting forth the Personal Loan Base Rate as at any time or times, shall be, and shall be deemed to be, conclusive evidence as to the Personal Loan Base Rate as set forth in the certificate.

"Place of Payment" means the address set out or referred to in Item 5(k) of Form B.

"Prime" or "Prime Interest Rate of the Mortgagee" means the annual rate of interest announced from time to time by the Mortgagee as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Mortgagee to prove the Prime Interest Rate of the Mortgagee applicable as at any time or times a certificate in writing of the manager for the time being of the branch or unit of the Mortgagee responsible for the collection of the monies secured by this Mortgage, setting forth the Prime Interest Rate of the Mortgagee as at any time or times, shall be, and shall be deemed to be, conclusive evidence as to the Prime Interest Rate of the Mortgagee as set forth in the certificate.

"Principal Amount" means the amount set out in Item 5(a) of Form B.

"Regulation" means the Land Title (Transfer Forms) Regulation, B.C. Reg. 53/90.

2. CHARGE

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

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

3. DEFEASANCE

If no specific defeasance provision is included in Part 1 and one of the following defeasance options is specified in Part 1, the defeasance option so specified will apply to this Mortgage:

DEFEASANCE OPTION #1

DEMAND

PROVIDED this Mortgage to be void on payment to the Mortgagee ON DEMAND at the Place of Payment or at such other place as the Mortgagee may from time to time require of the Principal Amount in lawful money of Canada, together with interest thereon at the Interest Rate calculated on the outstanding daily balance thereof or on so much thereof as remains from time to time unpaid, payable monthly as well after as before maturity, default and judgment until the whole of the Principal Amount is paid, on the 20th day of each and every month or on such other date as may be specified by the Mortgagee. The Mortgagor will pay interest at the Interest Rate on overdue interest on the same dates as current interest is payable as aforesaid.

AND taxes and performance of statute labour.

THE MORTGAGOR observing and performing the covenants and conditions herein contained on its part to be observed and performed shall have the right at any time and from time to time prior to the date of final payment hereunder, without notice or bonus, to repay the whole balance of the principal monies remaining unpaid hereunder or any part thereof together with interest as provided herein up to the date or dates of such payment or payments.

DEFEASANCE OPTION #2

FIXED RATE - BLENDED PAYMENTS

PROVIDED this Mortgage to be void on payment to the Mortgagee at the Place of Payment or at such other place as the Mortgagee may from time to time require in lawful money of Canada of the Principal Amount plus interest thereon at the Interest Rate, calculated monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Amount, and without days of grace, as follows:

- (a) in the event that any amount or amounts advanced under this Mortgage are advanced more than one month prior to the First Payment Date, then interest at the Interest Rate on the amount or amounts from time to time so advanced computed from the respective date or dates of such advances until the date which is one month prior to the First Payment Date shall become due and be paid on the last mentioned date; and thereafter the Principal Amount together with interest thereon at the Interest Rate computed from the date which is one month prior to the First Payment Date shall become due and be paid in equal consecutive monthly blended instalment payments of principal and interest in the Amount of Each Periodic Payment, commencing on the First Payment Date and continuing monthly thereafter on the Payment Dates until the Last Payment Date, on which date the balance, if any, of the Principal Amount and interest then unpaid shall become due and payable; or
- (b) in the event that the whole of the Principal Amount is advanced not more than one month prior to the First Payment Date, then the Principal Amount together with interest thereon at the Interest Rate computed from the date or dates of such advance or advances shall become due and be paid in equal consecutive monthly blended instalment payments of principal and interest in the Amount of Each Periodic Payment, commencing on the First Payment Date and continuing monthly thereafter on the Payment Dates until the Last Payment Date, on which date the balance, if any, of the Principal Amount and interest then unpaid shall become due and payable.

The Mortgagor will pay interest at the Interest Rate on any defaulted instalment from the date of default until paid. If any instalment is not paid on the due date, the entire balance of the Principal Amount and interest accrued thereon and all other monies secured by this Mortgage shall immediately become due and payable, at the option of the Mortgagee. Interest on overdue interest and on arrears of principal shall be payable on demand.

For purposes of the Interest Act of Canada, it is understood, agreed and declared that the amount of principal money hereby secured is the Principal Amount and the rate of interest chargeable thereon, calculated half-yearly, not in advance, is the rate set forth in Item 5(h) of Form B.

AND taxes and performance of statute labour.

The Mortgagor shall not be entitled to prepay the monies secured hereby otherwise than as set forth herein or in the Note or as otherwise agreed in writing with the Mortgagee.

DEFEASANCE OPTION #3

CURRENT OR RUNNING ACCOUNT

PROVIDED this Mortgage to be void on payment to the Mortgagee ON DEMAND at the Place of Payment or at such other place as the Mortgagee may from time to time require in lawful money of Canada of the Principal Amount, together with interest thereon at the Interest Rate calculated on the outstanding daily balance thereof or on so much thereof as remains from time to time unpaid, payable monthly as well after as before maturity, default and judgment until the whole of the Principal Amount is paid, on the 20th day of each and every month or on such other date as may be specified by the Mortgagee. The Mortgagor will pay interest at the Interest Rate on overdue interest on the same dates as current interest is payable as aforesaid.

AND taxes and performance of statute labour.

THIS MORTGAGE is made to secure a current or running account and shall not be deemed to have been redeemed by reason only that:

- (i) advances made under it are repaid, or
- (ii) the account of the Mortgagor with the Mortgagee ceases to be in debit,

and this Mortgage remains effective as security for any and all further advances at any time made by the Mortgagee; PROVIDED that nothing herein contained shall prevent the Mortgagor from demanding and receiving from the Mortgagee at the Mortgagor's expense a discharge of this Mortgage at any time when there are no monies owing or liabilities outstanding to the Mortgagee from the Mortgagor.

THE MORTGAGOR observing and performing the covenants and conditions herein contained on its part to be observed and performed shall have the right at any time and from time to time prior to the date of final payment hereunder, without notice or bonus, to repay the whole balance of the principal monies remaining unpaid hereunder or any part thereof together with interest as provided herein up to the date or dates of such payment or payments.

DEFEASANCE OPTION #4

GUARANTEE AND POSTPONEMENT OF CLAIM

PROVIDED this mortgage to be void on either of the following events:

- (a) release by the Mortgagee of the obligations of the Mortgagor as set forth in the Guarantee; or
- (b) payment to the Mortgagee ON DEMAND at the Place of Payment or at such other place as the Mortgagee may from time to time require of the amount demanded by the Mortgagee under the Guarantee, up to an amount not to exceed the Principal Amount in lawful money of Canada, together with interest thereon at the Interest Rate from the date of demand for payment, calculated on the outstanding daily balance thereof and compounded monthly until payment in full, and all costs, expenses and charges arising out of or connected with the said amount demanded or otherwise payable hereunder.

AND taxes and performance of statute labour.

THIS MORTGAGE is made to secure a current or running account and shall not be deemed to have been redeemed by reason only that:

- (i) advances made under it are repaid, or
- (ii) the account of the Mortgagor with the Mortgagee or the account of the customer named in the Guarantee with the Mortgagee ceases to be in debit,

and this Mortgage remains effective as security for any and all further advances at any time made by the Mortgagee; PROVIDED that nothing herein contained shall prevent the Mortgagor from demanding and receiving from the Mortgagee at the Mortgagor's expense a discharge of this Mortgage at any time when there are no monies owing or liabilities outstanding to the Mortgagee from the Mortgagor or from the customer named in the Guarantee.

THE MORTGAGOR observing and performing the covenants and conditions herein contained on its part to be observed and performed shall have the right at any time and from time to time prior to the date of final payment hereunder, without notice or bonus, to repay the whole balance of the principal monies remaining unpaid hereunder or any part thereof together with interest as provided herein up to the date or dates of such payment or payments.

If no specific defeasance provision is included in Part 1 and none of the defeasance options set forth above is specified in Part 1, defeasance option #1 above shall apply. When one of the defeasance options set forth above applies to this Mortgage, none of the provisions of any other of the said defeasance options shall apply.

4. LAND TRANSFER FORM ACT

This Mortgage is made pursuant to Part 3 of the Land Transfer Form Act (British Columbia).

5. APPLICATION OF PAYMENTS

Any blended or combined instalments of principal and interest payable under this Mortgage will be applied firstly to interest from time to time outstanding and the balance of the said instalments shall be applied on account of principal; except however in the case of default by the Mortgagor, the Mortgagee may then apply any payments received during the period of default in whatever order it may elect as between principal, taxes, interest, repairs, insurance premiums or other advances made on behalf of the Mortgagor and except in the case of any partial payments by the Mortgagor, which may be applied against principal or interest or otherwise as the Mortgagee may determine.

6. COMPOUND INTEREST

It is agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, interest shall be payable thereon and the sum in arrears for interest from time to time, as well after as before maturity or judgment, shall itself bear interest at the rate stipulated in Part 1, and in case the interest and compound interest are not paid on the next interest payment date after the date of default, a rest shall be made and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity or judgment, and so on from time to time, and all such interest and compound interest shall be a charge upon the Mortgaged Land.

7. TAXES

With respect to municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the Mortgaged Land it is mutually agreed between the parties to this Mortgage that:

- (a) The Mortgagor shall pay all taxes as they fall due and will provide the Mortgagee with receipts confirming payment of same as the Mortgagee may require;
- (b) The Mortgagee may deduct from the final advance of the monies secured by this Mortgage an amount sufficient to pay the taxes which have become or will become due and payable on or before the date for the adjustment of interest and are unpaid at the date of such final advance;
- (c) After the date for the adjustment of interest, the Mortgagor shall, if directed by the Mortgagee, pay to the Mortgagee in monthly instalments on the dates on which instalments of principal and/or interest are payable under this Mortgage, sums which in the sole opinion of the Mortgagee will be sufficient to enable the Mortgagee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in installments, on or before the due date for payment of the first installment thereof; and the Mortgagor shall also pay the Mortgagee on demand the amount, if any, by which the annual taxes exceed such estimated amount;

- (d) The Mortgagee will apply such deduction and payments on the taxes chargeable against the Mortgaged Land so long as the Mortgagor is not in default under any covenant, proviso or agreement contained in this Mortgage, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly; provided, however, that if, before any sum or sums so paid to the Mortgagee shall have been so applied, there shall be default by the Mortgagor in respect of any payment of principal, interest or other amount as provided in this Mortgage, the Mortgagee may apply such sum or sums in or towards payment of the principal, interest and/or other amount in default. The Mortgagor further covenants and agrees to transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after their receipt by the Mortgagor;
- (e) The Mortgagee may allow the Mortgagor interest at a rate determined by the Mortgagee from time to time on the average monthly balances standing in the mortgage account from time to time to the credit of the Mortgagor for payment of taxes, such interest to be credited to the mortgage account not less frequently than once each year; and the Mortgagor shall be charged and will pay interest, at the Interest Rate, on the debit balance, if any, of taxes in the mortgage account outstanding after payment of taxes by the Mortgagee, until such debit balance is fully repaid.

8. LAND TRANSFER FORM ACT COVENANTS

In this paragraph 8 "land" means the Mortgaged Land.

The Mortgagor covenants with the Mortgagee:

- (i) That the Mortgagor will pay the mortgage money and interest and observe the above provisos; and will also pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the land or in respect thereof, no matter by whom or by what authority imposed, which the Mortgagee has paid or has been rendered liable to pay and shall also pay all other sums as the Mortgagee may be entitled to under this Mortgage;
- (ii) That the Mortgagor has a good title in fee simple to the land;
- (iii) That the Mortgagor has the right to convey the land to the Mortgagee;
- (iv) That on default the Mortgagee shall have possession of the land free from all encumbrances;
- (v) That the Mortgagor will execute such further assurances of the land as may be requisite;
- (vi) That the Mortgagor has done nothing to encumber the land;
- (vii) That the Mortgagor releases to the Mortgagee all his claims on the land subject to the proviso; and
- (viii) Provided that until default of payment, the Mortgagor shall have quiet possession of the land.

Clause 15 of Schedule 6 of the Land Transfer Form Act (British Columbia) is expressly excluded from this Mortgage.

9. AGREEMENT FOR SALE

The following provisions shall apply if the interest of the Mortgagor in the Mortgaged Land is that of a purchaser under an agreement for sale:

- (a) the Mortgagor represents that the Mortgagor is the purchaser under the agreement for sale of the Mortgaged Land as set out in Item 8 of Form B (the "Agreement for Sale");
- (b) the Mortgagor hereby grants, assigns and sets over to the Mortgagee the Agreement for Sale and all right, title and interest of the Mortgagor therein and thereunder and all benefits and advantages to be derived therefrom including the benefit of all covenants on the part of the vendor therein;
- (c) upon the Mortgagor becoming vested of the fee simple to the Mortgaged Land, this Mortgage shall increase to be a mortgage of the said fee simple;

- (d) the Mortgagor covenants with the Mortgagee to make all payments of principal and interest required to be made under the Agreement for Sale and to observe and perform all covenants, conditions and agreements on the part of the purchaser contained therein;
- (e) any default by the Mortgagor in observing or performing any of the terms or conditions of the Agreement for Sale including, without limitation, the making of payments thereunder when the same become due shall constitute a default under this Mortgage and the balance of principal, interest and other monies secured by this Mortgage shall, at the option of the Mortgagee, become immediately due and payable and the Mortgagee may exercise any and all of its rights or remedies under this Mortgage and may, without incurring any liability in so doing, pay any monies due or remedy any default occurring under the Agreement for Sale and any monies expended by the Mortgagee for that purpose shall be added to the debt secured by this Mortgage and be a charge on the Mortgaged Land and shall bear interest at the Interest Rate and shall be payable forthwith by the Mortgagor to the Mortgagee; and
- (f) any discharge of this Mortgage pursuant to paragraph 30 shall operate as a re-assignment to the Mortgagor of all right, title and interest of the Mortgagee in the Agreement for Sale.

10. INSURANCE

The Mortgagor will forthwith insure and during the continuance of this Mortgage keep insured in favour of the Mortgagee against loss or damage by the perils of fire and such other perils as the Mortgagee may require, including at least loss or damage by explosion, falling object, impact by vehicle or aircraft, rupture of heating, plumbing or air conditioning systems, smoke, riot or civil commotion, vandalism and malicious act, windstorm and hail, each and every building on the Mortgaged Land and which may hereafter be erected thereon, both during erection and thereafter, for a total amount not less than the lesser of the replacement cost of each and every said building and the amount of the Mortgagee's interest therein, in lawful money of Canada with an insurance company duly authorized to carry on business as such and under policies satisfactory in form to the Mortgagee; and each policy of insurance shall provide that every loss, if any, shall be payable to the Mortgagee as its interest may appear in accordance herewith, subject to a standard form of mortgage clause or other mortgage clause approved by the Mortgagee and the Mortgagor will forthwith assign, transfer and deliver to the Mortgagee the policy or policies of insurance and all renewal receipts thereto appertaining; and no insurance will be carried on improvements or buildings on the Mortgaged Land other than such as is made payable to the Mortgagee in accordance with the provisions of this paragraph; and the Mortgagor will not do or omit or cause or suffer anything to be done, omitted, caused or suffered whereby the policy or policies of insurance, as aforesaid, may be voided or become void; and the Mortgagor will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due and will deliver evidence of renewal to the Mortgagee at least five (5) days prior to the expiration of any policy of insurance; and, in the event of any breach of the foregoing covenants respecting insurance, the Mortgagee, without prejudice to its other rights hereunder, may, at its option, effect such insurance to a value deemed, in the sole opinion of the Mortgagee, adequate to protect the Mortgagee's insurable interest and any amount paid therefor by the Mortgagee shall be added to the debt secured by this Mortgage and shall bear interest at the Interest Rate from the time of such payment and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and forthwith on the happening of any loss or damage, the Mortgagor will furnish at his own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies and the production of this Mortgage shall be sufficient authority for the said insurance company to pay every such loss to the Mortgagee, and the said insurance company is hereby directed thereupon to pay the same to the Mortgagee; and any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the premises or be paid to the Mortgagor or any other person appearing by the registered title to be or to have been the owner of the said premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part on the mortgage debt or any part thereof whether due or not then due.

In the event that this Mortgage charges a Strata Lot or Strata Lots (as defined in paragraph 36 of this Mortgage) or land and buildings of the Mortgagor which have been or hereafter are subdivided into Strata Lots, the Mortgagor will himself, or will cause the Strata Corporation (as defined in paragraph 36 of this Mortgage), to observe and perform all covenants, provisos, agreements and conditions required to be observed and performed by the Mortgagor in this paragraph 10 if same are applicable, and will:

- (i) cause any insurance monies to be made payable to the Strata Corporation or, if any insurance trustees are designated by the By-laws (as defined in paragraph 36 of this Mortgage), to the named insurance trustees, and to be made payable firstly to the Mortgagee in the event that the Strata Corporation resolves not to repair or replace the Strata Lot or Strata Lots as provided in the Condominium Act (British Columbia); and
- (ii) where required by the Mortgagee, cause all applicable policies of insurance to contain a standard mortgage clause acceptable to the Mortgagee to be effective in the event that the Strata Corporation resolves not to repair or replace the damaged Strata Lot or Strata Lots; and if, in the reasonable opinion of the Mortgagee, the insurance carried by the Strata Corporation is deemed inadequate, the Mortgagee may require the Mortgagor to carry a separate policy of insurance on the Strata Lot or Strata Lots mortgaged under this Mortgage at his own cost.

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

11. RELEASE

The Mortgagor has released, remised and forever quit claimed, and by this Mortgage does release, remise, and forever quit claim unto the Mortgagee all right, title, interest, claim and demand whatsoever of, unto and out of the Mortgaged Land hereby charged or intended so to be, and every part and parcel thereof, so that the Mortgagor shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Mortgaged Land or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

12. ENTRY AFTER DEFAULT

In the event of default in the payment of any principal, interest or any other amount payable under this Mortgage by the Mortgagor or on breach of any covenant, proviso or agreement contained in this Mortgage the Mortgagee may, at such times as the Mortgagee may deem necessary and without the concurrence of any person, enter upon and take possession of the Mortgaged Land and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Mortgaged Land, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Mortgaged Land as the Mortgagee may deem expedient; and all reasonable costs, charges and expenses, including allowances for the time and service of any employee of the Mortgagee or other person appointed for the above purposes shall be forthwith payable to the Mortgagee and shall be a charge upon the Mortgaged Land and shall bear interest at the Interest Rate until paid.

13. POWER OF SALE

Provided that the Mortgagee on default of payment of any principal, interest or any other amount payable under this Mortgage or in the observing, performing, fulfilling or keeping of one or more of the covenants, agreements or conditions of the Mortgage contained in this Mortgage may, without notice to or the concurrence of the Mortgagor, enter on and lease or sell the Mortgaged Land; and that the Mortgagee may lease or sell as aforesaid without entering into possession of the Mortgaged Land; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power, or that such power has been improperly or irregularly exercised, or that notice had not been given, but any person damnified by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only; and that the Mortgagee may sell the whole or any part or parts of the Mortgaged Land by public auction or private contract, or partly one and partly the other, on such terms as to credit and otherwise as to the Mortgagee shall appear most advantageous and for such prices as can reasonably be obtained therefor; and that sales may be made from time to time of portions to satisfy interest or parts of the principal overdue, leaving the principal or balance thereof to run at interest, payable as aforesaid; and the Mortgagee may make any stipulations as to title, or evidence, or commencement of title, or otherwise, as the Mortgagee shall deem proper; and the Mortgagee may buy in or rescind or vary any contract for sale of any of the Mortgaged Land and re-sell, without being answerable for loss occasioned thereby; and in the case of a sale on credit the Mortgagee

shall only be bound to pay to the Mortgagor such monies as have been actually received from purchasers after the satisfaction of the Mortgagee's claim; and for any of such purposes the Mortgagee may make and execute all agreements and assurances the Mortgagee deems fit; and that the purchaser at any sale hereunder shall not be bound to see to the propriety or regularity thereof; and that no want of notice or of publication, if any, required hereby, shall invalidate any sale hereunder; and the Mortgagee will not be liable for any loss which may arise by any such leasing or sale as aforesaid; provided that, notwithstanding the power of sale or leasing and other powers and provisions of this clause, the Mortgagee will have and be entitled to its right of foreclosure of the equity of redemption of the Mortgagor in the Mortgaged Land and any and all other remedies available to it as fully as if said powers and provisions had not been contained herein or acted upon.

And it is further agreed between the parties to this Mortgage that until such sale or sales shall be made as aforesaid, the Mortgagee shall and will stand possessed of the rents and profits of the Mortgaged Land in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Mortgaged Land or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, or leases, secondly all costs, charges, damages and expenses of the Mortgagee relating to taxes, prior charges, rents, insurance, repairs, utilities and any other amounts which the Mortgagee may have paid relating to the Mortgaged Land, thirdly in discharge of all interest and costs then due in respect of this Mortgage, fourthly in discharge of the principal money secured by this Mortgage, fifthly in payment of subsequent encumbrances according to their priorities and the residue shall be paid to the Mortgagor as it may direct and shall also in such event, at the request, cost and charge of the Mortgagor transfer, release and assure to the Mortgagor or to such person or persons as it shall direct and appoint, all such parts of the Mortgaged Land as shall remain unsold for the purposes aforesaid, discharged from all this Mortgage, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode.

14. DISTRESS

Provided that if default shall be made in payment of any part of the principal, interest or other monies secured by this Mortgage at any day or time limited in this Mortgage for the payment thereof, it shall and may be lawful for the Mortgagee, and the Mortgagor hereby grants full power and license to the Mortgagee, to enter, seize and distrain upon any goods upon the Mortgaged Land and by distress warrant to recover by way of rent reserved as in the case of a demise of the Mortgaged Land as much of the said principal, interest or other monies secured by this Mortgage as shall from time to time be or remain in arrears or unpaid, together with all costs, charges and expenses (including without limitation costs as between solicitor and his own client) related to such levy or distress as in like cases of distress for rent; and as a part of the consideration for the advance of the principal sum secured by this Mortgage the Mortgagor hereby waives on the exercise of such right and license all rights to exemption from seizure and distress under any law whatsoever.

15. SPECIFIED AND UNSPECIFIED LIABILITIES

It is hereby agreed that the Mortgagor has, for valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Mortgagor) created this Mortgage as collateral or additional security to further secure the repayment and satisfaction of any obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed (and interest thereon and interest on overdue interest) at any time owing by the Mortgagor or such other party or parties more particularly described in this Mortgage (such party or parties hereinafter referred to as the "Customer") or both, to the Mortgagee pursuant to any guarantees, obligations, notes, promissory notes or any other security instruments or evidences of indebtedness (including all additions thereto, deletions therefrom and substitutions therefor) held by the Mortgagee and as may be more particularly described in this Mortgage (such obligations, debts and liabilities hereinafter referred to as the "Specified Liabilities"). Subject to any statement in this Mortgage that this Mortgage is made as collateral or additional security only to those Specified Liabilities more particularly described in this Mortgage, this Mortgage shall also constitute a continuing collateral or additional security to further secure the repayment and satisfaction of all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed (and interest thereon and interest on overdue interest) at any time owing by the Mortgagor or the Customer or both to the Mortgagee and which are not Specified Liabilities (hereinafter

referred to as the "Unspecified Liabilities"; the Specified Liabilities and Unspecified Liabilities (if any) collectively hereinafter referred to as the "Liabilities").

It is hereby agreed that any act done or omitted to be done by any of the parties hereto regarding any of the Liabilities shall not in any way affect or prejudice this Mortgage or the rights or remedies of the Mortgagee hereunder and this Mortgage shall remain and be in force until satisfaction thereof is made by payment of principal, interest, and all other amounts payable hereunder as if no other security was held by the Mortgagee.

Neither the execution and delivery of this Mortgage nor anything herein contained shall prejudice or affect any of the Liabilities but the same shall remain enforceable according to the tenor thereof.

No extension of time hereby or otherwise created shall affect or prejudice the rights of the Mortgagee as regards any of the Liabilities and the Mortgagee hereby reserves all its rights against all other persons, firms or corporations who may at any time be or become liable for the payment of principal, interest or any other amount payable hereunder or any part thereof hereby secured.

16. PRINCIPAL DUE ON DEFAULT

Provided that upon default of the payment of any principal or interest or any other monies payable under this Mortgage by the Mortgagor, or upon breach of any covenant, agreement or proviso herein contained, or upon breach of any covenant, agreement or condition contained in any security collateral to this Mortgage or any offer or commitment letter or other agreement in connection with this Mortgage, or upon any waste being committed or suffered on the Mortgaged Land, or upon the Mortgagor committing an act of bankruptcy within the meaning of the Bankruptcy Act (Canada) or becoming bankrupt or insolvent, or if a petition in bankruptcy is filed against the Mortgagor, or any authorized assignment for the benefit of creditors is made by the Mortgagor, or if a receiver or trustee for the Mortgagor or for any of the assets of the Mortgagor is appointed, or if there is instituted by or against the Mortgagor any other type of insolvency proceedings under the Bankruptcy Act (Canada) or otherwise, or should the Mortgagor be subject to the provisions of the Companies' Creditors Arrangement Act (Canada) or the Winding Up Act (Canada) or any other legislation for the benefit of creditors or relating to bankrupt or insolvent debtors, the whole of the monies secured by this Mortgage remaining unpaid shall, at the option of the Mortgagee, forthwith become due and payable and any occurrence as aforesaid shall constitute a breach of covenant pursuant to this Mortgage, but waiver of or failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder shall not prejudice the Mortgagee's rights in the event of any future default or breach.

17. ADDITIONAL ACCELERATION PROVISIONS

PROVIDED that in addition to any other provisions of this Mortgage or of any of the Liabilities or of any other agreement with the Mortgagee, the entire balance of the principal secured hereby together with accrued interest thereon and any other amount payable hereunder and remaining unpaid shall forthwith become due and payable at the option of the Mortgagee upon the occurrence of any of the following events:

- (a) if any payment of principal or interest or both or any part thereof as provided herein is not paid when due or any other monies secured by this Mortgage are not paid when due;
- (b) if the Mortgagor or the Customer is in default under any term, covenant, agreement, proviso or condition of this Mortgage or any of the Liabilities or any evidence thereof or security therefor;
- (c) if the Mortgagor or the Customer fails to observe or perform any other term or provision of any other agreement with the Mortgagee concerning any of the Liabilities;
- (d) if the Mortgagor commits or suffers to be committed any waste on the Mortgaged Land;
- (e) if any representation or warranty made by the Mortgagor or the Customer to the Mortgagee relating to any amounts due under any of the Liabilities is found at any time to be incorrect in any material respect;
- (f) if the Mortgagor or the Customer becomes bankrupt or insolvent, or is a petition in bankruptcy is filed against the Mortgagor or the Customer, or any authorized assignment for the benefit of creditors is made by the Mortgagor or the Customer, or if a receiver or

trustee for the Mortgagor or the Customer or for any of the assets of the Mortgagor or the Customer is appointed, or if there is instituted by or against the Mortgagor or the Customer any other type of insolvency proceedings under the Bankruptcy Act of Canada or otherwise;

- (g) if the Mortgagor or the Customer ceases or threatens to cease to carry on a major part of its business conducted at the date of this Mortgage;
- (h) if the Mortgagee in good faith believes that the prospect for repayment of all or any part of any amounts due under any of the Liabilities is impaired; or
- (i) if legal implications arise which, in the opinion of the Mortgagee, may be detrimental to the security value of this Mortgage (or of any of the Liabilities).

Waiver of or failure to enforce at any time or from time to time any of the rights of the Mortgagee hereunder shall not prejudice the Mortgagee's rights in the event of any future default or breach.

18. ADVANCES

The Mortgagor agrees that neither the execution nor registration of this Mortgage, nor the advance in part of the monies secured by this Mortgage, shall bind the Mortgagee to advance the said monies or any unadvanced portion thereof and that the advance of the said monies or any part thereof from time to time shall be in the sole discretion of the Mortgagee, and that all advances are to be made in such manner, at such times as and in such amounts up to the full amount of said monies as the Mortgagee in its sole discretion may determine; but nevertheless the charge of this Mortgage shall take effect forthwith upon the execution of this Mortgage by the Mortgagor and the expenses incurred by the Mortgagee in the examination of the title, valuation of the Mortgaged Land and preparation and registration of this Mortgage are secured by this Mortgage and constitute a charge upon the Mortgaged Land in the event of the whole or any part of the principal sum not being advanced, and the same are charged by this Mortgage upon the Mortgaged Land and shall be payable without demand forthwith at the Interest Rate and in default the Mortgagee's power of sale and all other remedies available to it shall be exercisable.

19. FIXTURES

It is hereby mutually covenanted and agreed by and between the parties hereto that all erections and improvements fixed or otherwise now on or hereafter put on the Mortgaged Land including, but without limiting the generality of the foregoing, all such erections and improvements described in the definition of Mortgaged Land in Part 2 of this Mortgage, are and shall, in addition to other fixtures on the Mortgaged Land, be and become fixtures and form part of the realty and shall be a portion of the security for the indebtedness under this Mortgage.

20. PARTIAL RELEASE

Provided that the Mortgagee may at all times release any part or parts of the Mortgaged Land or any other security or any surety for payment of all or any part of the monies secured by this Mortgage or may release the Mortgagor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by the Mortgagee and without thereby releasing any other part of the Mortgaged Land, or any other securities or covenants in this Mortgage or elsewhere contained, it being especially agreed that notwithstanding any such release the Mortgaged Land, securities and covenants remaining unreleased shall stand charged with the whole of the monies secured by this Mortgage and all legal and other expenses incurred by the Mortgagee in connection with such discharge.

21. DEFAULT IN PRIOR CHARGES

Provided that should default be made by the Mortgagor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge or other encumbrance to which this Mortgage is subject, then and in that event all of the monies secured by this Mortgage shall, at the option of the Mortgagee, forthwith become due and be payable and all the rights, powers and remedies in and by this Mortgage conferred including the powers of sale contained in this Mortgage shall, at the option of the Mortgagee, become exercisable as provided in this Mortgage.

22. LIENS AND CONSTRUCTION

The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not permit any lien to be acquired against the Mortgaged Land or fixtures thereon under the Builders Lien Act (British Columbia) or under any other statute or law at any time in force affecting the Mortgaged Land. Provided that upon the registration of any lien against the Mortgaged Land, or in the event of any buildings being constructed thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the full amount of the monies secured by this Mortgage shall, at the option of the Mortgagee, forthwith become due and payable.

23. INSPECTION

The Mortgagee or agent of the Mortgagee at any time may enter upon the Mortgaged Land to inspect the Mortgaged Land, and the reasonable costs of such inspection shall be added to the debt secured by this Mortgage.

24. WASTE, VACANCY AND REPAIR

The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not permit waste to be committed or suffered on the Mortgaged Land and the he will maintain the building and other improvements on the Mortgaged Land in good order and repair to the satisfaction of the Mortgagee and will not permit or suffer it to become or remain vacant, that he will comply with the terms of all policies of insurance in respect of the Mortgaged Land, and that the Mortgagee whenever it deems necessary, may by its surveyor or agent enter upon and inspect the Mortgaged Land, and the reasonable cost of such inspection shall be added to the debt secured by this Mortgage.

25. ALTERATIONS

The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not make or permit to be made any alterations or additions to the Mortgaged Land without the consent of the Mortgagee.

26. NON-MERGER

And it is agreed that the taking of a judgment or judgments on any covenants contained in this Mortgage shall not operate as a merger of the said covenants or affect the right of the Mortgagee to interest at the rate and times provided in this Mortgage; and further that the said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in this Mortgage until the said judgment shall have been fully paid and satisfied.

27. OBLIGATIONS SURVIVE SALE

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

28. PRIOR ENCUMBRANCES

And it is hereby agreed that the Mortgagee may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or to be claimed upon the Mortgaged Land, having or claiming priority over this Mortgage including any taxes, utility charges or other rates on the Mortgaged Land or any amounts payable to the Strata Corporation (as defined elsewhere in this Mortgage), or any of them, and may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Mortgaged Land and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize this security, and all solicitor's charges or commissions for or in respect of the collection of any overdue instalments or any other monies whatsoever payable by the Mortgagor under this Mortgage, including without limitation costs as between solicitor and his own client, whether any action or other judicial proceeding to enforce such payment has been taken or not; and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies paid under this Mortgage by the Mortgagee shall be added to the debt secured by this Mortgage and be a charge on the Mortgaged Land and shall bear interest at the rate aforesaid and shall be payable forthwith by the Mortgagor to the Mortgagee; and the non-payment of such amount shall be a default of payment

hereunder and shall entitle the Mortgagee to exercise the powers and remedies provided to it under this Mortgage; and in the event of the Mortgagee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security of this Mortgage or otherwise, the Mortgagee shall be subrogated to and entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if the Mortgagee deems it proper to do so.

29. EXTENSIONS

Provided that no extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor, or any other dealing by the Mortgagee with the owner of the equity of redemption of the Mortgaged Land shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for payment of the monies secured by this Mortgage; and the terms of repayment of and the rate of interest payable under this Mortgage may be varied, extended, increased or decreased or otherwise amended as the Mortgagee and the then registered owner(s) of the Mortgaged Land may determine and agree in writing, from time to time and whether before, as at, or after the then maturity date of this Mortgage, and all of the same without prejudice to the rights of the Mortgagee against either the initial Mortgagor hereunder or any other person(s) liable for the payment of the monies secured by this Mortgage; further any alteration aforesaid may but need not be registered against the Mortgaged Land and whether or not so registered, this Mortgage, as so altered, shall rank in priority to any and all interests registered against the Mortgaged Land subsequent to the registration of this immediate mortgage document as if and to the extent that said alteration had been executed and registered, and all monies thereunder advanced, before the execution and registration of any of said subsequent interests.

30. DISCHARGE

The Mortgagee shall have a reasonable time after payment in full of all monies secured by this Mortgage within which to prepare and execute a discharge (or, if requested by the Mortgagor and consented to by the Mortgagee, an assignment) of this Mortgage, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal and other expenses for the preparation and execution of such discharge or (assignment) shall be borne by the Mortgagor.

31. OTHER SECURITY

This Mortgage is in addition to and not in substitution for any other security held by the Mortgagee including, without limiting the generality of the foregoing, any promissory note or notes for all or any part of the monies secured under this Mortgage, and it is understood and agreed that the Mortgagee may pursue its remedies thereunder or under this Mortgage concurrently or successively at its option, and in such order as the Mortgagee determines in its sole discretion. Any judgment or recovery under this Mortgage or under any other security held by the Mortgagee for, inter alia, the monies secured by this Mortgage shall not affect the right of the Mortgagee to realize upon this or any other such security. The Mortgagor covenants and agrees to comply with the terms and provisions of any other or collateral security held by the Mortgagee in connection with this Mortgage, and a breach by the Mortgagor of the terms of any other or collateral security shall constitute a breach and default by the Mortgagor hereunder.

32. PLACE OF PAYMENT

All payments secured by this Mortgage shall be made in the lawful money of Canada at the branch office address of the Mortgagee designated as the place of payment in Part 1 of this Mortgage, or at such other place as the Mortgagee may designate in writing to the Mortgagor.

33. SEVERABILITY OF ANY INVALID PROVISIONS

If at any time any provision of this Mortgage is declared or held illegal, invalid or unenforceable in whole or in part under or inconsistent with the provisions of any applicable law or would by reason of the provisions of any such law render the Mortgagee unable to collect the amount of any loss sustained by it as a result of making the loan secured by this Mortgage which it would otherwise be able to collect, then such provision shall not apply and shall be construed so as not to apply to the extent that it is illegal, invalid, unenforceable or inconsistent or would so render the Mortgagee unable to collect the amount of

any such loss, and this Mortgage will continue in full force and effect and be construed as if it had been executed without such illegal, invalid, unenforceable or inconsistent provision.

34. WITHHOLDINGS FROM PAYMENTS

If the Mortgagor is required by law to make any deduction or withholding from any sum payable by the Mortgagor to the Mortgagee under this Mortgage, then the sum payable by the Mortgagor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Mortgagee receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made; and the Mortgagor shall pay the full amount to be deducted or withheld to the relevant taxation or other authorities within the time allowed for such payment under applicable law and shall deliver to the Mortgagee within thirty (30) days after it has made such payment to the applicable authority a receipt issued by such authority evidencing such payment.

35. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Mortgagee under this Mortgage shall prejudice such rights or any other rights of the Mortgagee; no performance or payment by the Mortgagee in respect of any breach or default under this Mortgage of the Mortgagor shall relieve the Mortgagor from any default under this Mortgage and no waiver at any time or from time to time of any such rights of the Mortgagee shall prejudice such rights in the event of any future default or breach.

36. STRATA LOT

For the purposes of these provisions the "Condominium Act" means the British Columbia Condominium Act, R.S.B.C. 1979, Chapter 61 and any amendments thereto. "Strata Corporation" means the strata corporation created pursuant to the Condominium Act and governing the administration of the strata lot or lots of which the Mortgaged Land forms part. "By-Laws" means the By-Laws of the Strata Corporation as amended from time to time. "Strata Lot" and "Owner" have the meanings ascribed to them in the Condominium Act.

In the event that this Mortgage charges a Strata Lot or Strata Lots or land and buildings of the Mortgagor which have been or hereafter become subdivided into Strata Lots, the following provisions shall apply:

- (a) The Mortgagor covenants and agrees with the Mortgagee to make all payments and to observe and carry out all requirements and duties imposed upon the Mortgagor by the Condominium Act and any By-Laws and to pay all levies made by the Strata Corporation of which the Mortgagor is a member, and if the Mortgagor fails to do so the Mortgagee shall have the right (but shall not be obliged) to make any and all such payments on behalf of the Mortgagor, and any amounts so paid shall be added to and form part of the debt secured by this Mortgage and shall be a charge on the Mortgaged Land and shall bear interest at the Interest Rate from the time of such payments and shall be payable forthwith to the Mortgagee, whether or not any payment in default has priority to this Mortgage or any part of the monies secured by this Mortgage.
- (b) Subject to the provisions of the Condominium Act in respect of voting rights of mortgagees, the Mortgagee shall have, and the Mortgagor hereby irrevocably authorizes and empowers the Mortgagee to exercise, the absolute right at any time to exercise the Mortgagor's power to vote as the Owner of the Strata Lot or Strata Lots charged hereby and as a member of the Strata Corporation for, and on behalf of, and in the place and stead of the Mortgagor to the same extent and with the same effect as the Mortgagor could himself do pursuant to the Condominium Act or the By-Laws of the Strata Corporation of which the Mortgagor is a member, or otherwise howsoever. It is agreed that neither this clause nor anything done by virtue hereof shall render the Mortgagee a mortgagee in possession. The right to vote, if exercised by the Mortgagee, shall not render the Mortgagee in any way responsible to protect the interests of the Mortgagor, and the Mortgagee shall not be responsible for the result of any exercise of the right to

vote or any failure to exercise the right to vote. The Mortgagee may at any time or from time to time give notice in writing to the Mortgagor and the Strata Corporation that the Mortgagee does not intend to exercise the said right to vote or consent and in that event until the Mortgagee revokes the said notice the Mortgagor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

- (c) The Mortgagee shall have the right on demand to require the Mortgagor to deliver to the Mortgagee such proxies or other instruments as may be considered requisite by counsel for the Mortgagee to confer such power of voting upon the Mortgagee.
- (d) The Mortgagor hereby irrevocably authorizes any officer of the Mortgagee to apply at any time and from time to time during the term of this Mortgage to the Strata Corporation of which the Mortgagor is a member to have the By-Laws for the time being in force governing the Strata Lot and interest in common property hereby mortgaged made available for inspection by such officer of the Mortgagee.
- (e) The Mortgagor further hereby irrevocably authorizes any officer of the Mortgagee to apply as the authorized agent of the Mortgagor at any time, and from time to time, to the Strata Corporation for certification to the Mortgagee within seven days of:
 - (i) the amount of any contribution determined by the Strata Corporation pursuant to the Condominium Act as the contribution of the Mortgagor;
 - (ii) the manner in which the contribution is payable;
 - (iii) the extent to which the contribution has been paid by the Mortgagor; and
 - (iv) the amount of any money expended by the Strata Corporation on behalf of the Mortgagor and due by the Mortgagor pursuant to the Condominium Act and not recovered by the Strata Corporation.

37. RECEIVERSHIP

Notwithstanding anything contained in this Mortgage it is declared and agreed that at any time and from time to time when there shall be default in the payment of principal, interest or any other amounts payable under this Mortgage or the performance of any of the provisions of this Mortgage, the Mortgagee may, at such time and from time to time and with or without entry into possession of the Mortgaged Land, or any part thereof, by instrument in writing appoint, or by application to a court of competent jurisdiction obtain an order for the appointment of, any person, whether an officer or officers or an employee or employees of the Mortgagee or not, as a receiver (which term as used in this paragraph and elsewhere in this Mortgage includes a receiver manager and receiver and manager and also includes the plural as well as the singular) of the Mortgaged Land, or any part thereof and of the rents and profits thereof, and with or without security, and may, when the appointment of the receiver is by instrument, from time to time by similar writing remove any receiver and appoint another in his stead, and that in making any such appointment or removal, the Mortgagee and any person so appointed shall be deemed to be acting as the agent or attorney for the Mortgagor, but no such appointment shall be revocable by the Mortgagor. Upon the appointment of any receiver from time to time the following provisions shall apply:

- (a) Every receiver shall have unlimited access to the Mortgaged Land as agent and attorney for the Mortgagor (which right of access shall not be revocable by the Mortgagor) and shall have full power and unlimited authority to:
 - (i) collect the rents and profits from tenancies whether created before or after this Mortgage;
 - (ii) rent any portion of the Mortgaged Land which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminate leases;
 - (iii) complete the construction of any building or buildings or other erections or improvements on the Mortgaged Land left by the Mortgagor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment necessary or desirable to render the premises operable or rentable and take possession of and use or permit others to use all

or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;

- (iv) manage, operate, repair, alter or extend the Mortgaged Land or any part thereof and carry on the business of the Mortgagor;
- (v) sell or grant options to purchase the Mortgaged Land, or any part thereof, at public auction, by public or private tender, or by private sale, on terms as to credit or otherwise and with or without security as shall appear most advantageous to the receiver;
- (vi) rescind or vary any contract or agreement of sale or lease;
- (vii) borrow such sum or sums as will in the opinion of the receiver, be required for the purposes of carrying on the receiver's duties and in so doing the receiver may issue receiver certificates; and
- (viii) employ such assistants as the receiver may consider necessary for carrying out the receiver's duties.

The Mortgagor undertakes to ratify and confirm whatever any receiver may do in the premises.

- (b) The Mortgagee at its discretion may vest the receiver with all or any of the rights and powers of the Mortgagee.
- (c) The Mortgagee may from time to time during the currency of the appointment of a receiver fix the reasonable remuneration of the receiver and such remuneration together with all costs and expenses of the receiver when paid by the Mortgagee, shall be added to all other monies owing by the Mortgagor to the Mortgagee under this Mortgage, shall be payable by the Mortgagor to the Mortgagee together with interest at the same rate as applies to the principal secured by this Mortgage and shall be a charge on the Mortgaged Land. The receiver shall be entitled to deduct any remuneration, costs and expenses out of the revenue or out of any sale proceeds realized from the Mortgaged Land. The Mortgagee shall be under no liability to the receiver for his remuneration, costs or expenses.
- (d) All sum or sums of money borrowed by the receiver and secured by receiver certificates shall be a charge on the Mortgaged Land.
- (e) Every receiver shall be deemed the agent or attorney of the Mortgagor for such purposes as the receiver shall deem necessary, including, without limitation, carrying out any sale of all or any part of the Mortgaged Land and executing on behalf of and as attorney for the Mortgagor any deeds, transfers, conveyances, assignments, assurances and things which the Mortgagor ought to execute to complete any sale of all or any part of the Mortgaged Land and any deed or other instrument so executed shall have the same effect as if it were executed by the Mortgagor and in no event shall the receiver be the agent of the Mortgagee and the Mortgagee shall not be responsible for the acts and omissions of the receiver.
- (f) The appointment of any receiver by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the receiver or to the Mortgagor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Mortgagee a mortgagee in possession of the Mortgaged Land.
- (g) No receiver shall be liable to the Mortgagor to account for monies other than monies actually received by him in respect of the Mortgaged Land or any part thereof and out of such monies so received every receiver shall pay in the following order the following amounts:
 - (i) claims of all secured and unsecured creditors ranking in priority to this Mortgage;
 - (ii) all remuneration, costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authorities hereby conferred, excluding the receiver's borrowings;
 - (iii) to the Mortgagee any sum or sums borrowed by the receiver from the Mortgagee and interest thereon as secured by receiver certificates;
 - (iv) to the Mortgagee all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee in its sole discretion shall determine;

- (v) any sum or sums borrowed by the receiver from any financial institution, corporation or other person other than the Mortgagee and interest thereon as secured by receiver certificates;
- (vi) any surplus shall, subject to the rights of other creditors, be paid to the Mortgagor.
- (h) Save as to its right to obtain from the receiver an accounting under clause (g) of this paragraph 37, the Mortgagor hereby releases and discharges any receiver from every claim of every nature whether sounding in damages or not which may arise or be caused to the Mortgagor or any person claiming through or under him by reason or as a result of anything done by the receiver unless such claim is a direct and proximate result of dishonesty or fraud.
- (i) The Mortgagee may at any time and from time to time terminate any appointment of a receiver by instrument, by notice in writing to the Mortgagor and to any receiver.
- (j) The statutory declaration of an officer of the Mortgagee as to default under the provisions of the Mortgage and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed as regards such person to be valid and effectual notwithstanding any contrary assertion by the Mortgagor.
- (k) The rights and powers conferred herein in respect of the receiver are in addition to and not in substitution for any other rights and powers which the Mortgagee may have.

38. COMPLIANCE WITH THE LAW

The Mortgagor covenants and agrees to at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and of all private covenants and restrictions affecting the Mortgaged Land or any portion thereof and the Mortgagor will from time to time upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at its own expense make any and all improvements thereon or alterations to the Mortgaged Land structural or otherwise and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation. The Mortgagee whenever it deems necessary may by its surveyor or agent enter upon and inspect the Mortgaged Land and make such improvements and alterations and take all such other action as the Mortgagee deems necessary to render the Mortgaged Land in compliance with such laws, rules, requirements, orders, directions, by-laws, ordinances, work orders or regulations and the reasonable cost of such inspection, improvements, alterations and other actions with interest at the rate set forth in this Mortgage shall be payable by the Mortgagor forthwith upon demand and be a charge upon the Mortgaged Land.

39. MORTGAGEE EXPENSES

The Mortgagor agrees to pay the reasonable and necessary costs, charges and expenses incurred by the Mortgagee of and incidental to this Mortgage and any security collateral thereto including the preparation and registration hereof and thereof, and incidental to any and all other documents required in connection herewith or therewith and of any amendment or renewal hereof or thereof and of anything done in connection with the enforcement of the security granted hereby or thereby or the procuring or the payment of any monies payable under this Mortgage including, without limiting the generality of the foregoing, all solicitors' fees and disbursements, costs and expenses in valuing the Mortgaged Land in connection with the foregoing and all monies advanced by the Mortgagee at its option in order to preserve or protect the Mortgaged Land. The Mortgagor further agrees that, such amounts shall be paid by the Mortgagor forthwith upon demand and until paid shall bear interest at the rate provided for in this Mortgage and shall be a charge on the Mortgaged Land.

40. SALE OF MORTGAGED LAND AND FURTHER ENCUMBRANCES

IT IS AGREED that if the Mortgagor, without the prior written consent of the Mortgagee, further encumbers the Mortgaged Land or sells, conveys, transfers, exchanges, assigns, leases or otherwise disposes of any of its interest therein, or enters into any agreement to effect any of the foregoing, then all monies secured by this Mortgage with interest thereon shall, at the option of the Mortgagee, become immediately due and payable. And it is further understood and agreed that the Mortgagor shall not create nor suffer to be created, any mortgage, charge, lien or encumbrance upon the Mortgaged Land ranking or capable of ranking in priority to or pari passu with this Mortgage, AND IT IS HEREBY DECLARED that this provision being a term of this Mortgage shall be notice within the meaning of the Land Title Act of British Columbia to every person dealing with the Mortgaged Land that any mortgage, charge, lien or encumbrance upon the Mortgaged Land which is registered subsequently to this Mortgage shall be subject to and rank in priority after this Mortgage in all respects to the same extent as if this Mortgage had been executed, delivered and registered and as if all monies hereby secured (regardless of the date of advances or re-advances by the Mortgagee) had been advanced prior to the execution, delivery and registration of such subsequently registered mortgage, charge, lien or encumbrance and before the advancement of any part of the monies thereby secured and, without limiting the generality of the foregoing, in the event of this Mortgage being security for a guarantee or guarantees given by the Mortgagor to the Mortgagee, any such subsequently registered mortgage, charge, lien or encumbrance shall rank in priority after this Mortgage to the same extent as if demand by the Mortgagee had been made for payment of the aggregate principal amount secured by this Mortgage in accordance with the terms of this Mortgage and the said guarantee or guarantees prior to the execution, delivery and registration of such subsequently registered mortgage, charge, lien or encumbrance and before the advancement of all or any part of the monies thereby secured.

41. FURTHER ASSURANCES

The Mortgagor will at all times and from time to time, at the request of the Mortgagee, do and execute or cause to be done and executed all things reasonably required for the better assuring to the Mortgagee of a valid charge over the Mortgaged Land.

42. NO DEDUCTIONS

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

43. MAXIMUM INTEREST RATE

Notwithstanding the rate or rates of interest payable as set forth in this Mortgage, the rate or rates of interest payable hereunder and secured hereby shall in no event exceed the maximum rate permitted under the laws of British Columbia or the laws of Canada having effect in British Columbia.

44. PARAGRAPH HEADINGS

The paragraph headings herein are inserted for convenience of reference only and are deemed not to form part of this Mortgage and are not to be considered in the construction or interpretation of this Mortgage or any part thereof.

45. APPLICABLE LAW

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

46. DATE OF MORTGAGE

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

47. CONSOLIDATION

This Mortgage is subject to the doctrine of consolidation as and to the extent permitted by Section 27 of the Property Law Act (British Columbia).

48. TAX ON LOAN

The Mortgagor shall pay to the Mortgagee, on demand, the amount of any taxes (other than the Mortgagee's income taxes) which may be imposed upon or in respect of the principal money advanced on this Mortgage together with interest thereon and which the Mortgagee may be called upon to pay, together with interest from the date on which such taxes are paid by the Mortgagee at the rate and compounded in the manner provided in this Mortgage.

49. COMMITMENT LETTER

The provisions set forth in any commitment letter or other agreement between the Mortgagor and the Mortgagee will not merge with this Mortgage but shall survive the execution, delivery and registration of this Mortgage except that, if such provisions are inconsistent with the provisions hereof, the Mortgagee may elect which provision shall govern.

50. EXECUTION UNDER SEAL

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

51. COVENANTOR

It is agreed that the following paragraph 51 applies only if this Mortgage has been executed by a party as a covenantor:

It being a condition of the making of the loan referred to in this Mortgage that the covenant hereinafter set forth should be entered into by such party (the "Covenantor"), the Covenantor in consideration of the advance in whole or in part of the monies secured by this Mortgage does hereby covenant, promise and agree as principal debtor and not as surety to and with the Mortgagee that he will pay, or cause to be paid to the Mortgagee the said principal sum and all other monies secured by this Mortgage together with interest thereon, on the days and at the times, and in the manner stated in this Mortgage and shall observe and perform all of the covenants, provisos, conditions, agreements and stipulations in this Mortgage and shall abide by and submit to and hereby agrees to all conditions, provisos and stipulations in this Mortgage on the part of the Mortgagor set forth, and these covenants shall be binding notwithstanding the giving of time for payment of this Mortgage or the varying of terms of payment thereof or the rate of interest thereon.

52. INTERPRETATION

It is agreed that the expressions "Mortgagor", "Mortgagee" and "Covenantor" wherever used in this Mortgage shall include the heirs, executors, administrators, successors and assigns of the Mortgagor, the Mortgagee and the Covenantor respectively, that in the event of this Mortgage being executed by two or more mortgagors, or two or more covenantors, the covenants on the part of the Mortgagor and the Covenantor herein contained shall be and be deemed to be joint and several covenants, and wherever the singular or masculine is used throughout this Mortgage the same shall be construed as meaning the plural or the feminine or body corporate or politic where the context or the parties to this Mortgage so require.