

STANDARD MORTGAGE TERMS
Filed by MCAP Service Corporation
Document Filing Number: MT980017
Filing Date: July 17, 1998

These mortgage terms are considered to be included in and form part of every mortgage which incorporates prescribed standard mortgage terms, either by election in the mortgage or by operation of law.

1. INTERPRETATIONS

In these mortgage terms:

- a. "Balance Due Date" means the date on which the mortgage money is due and payable as shown on the mortgage form, or a revised date that the lender may establish;
- b. "borrower" means the person or persons named in the mortgage form as a borrower;
- c. "borrower mailing address" means the postal address of the borrower shown on the mortgage form or the most recent postal address provided in a written notice given by the borrower to the lender under these mortgage terms;
- d. "borrower's promises and agreements" means any one or more of the borrower's obligations, promises and agreements contained in this mortgage;
- e. "court" means a court or judge having jurisdiction in any matter arising out of this mortgage;
- f. "covenantor" means each person who signs the mortgage form as a covenantor;
- g. "default" includes each of the events of default listed in Section 9. a. of these mortgage terms;
- h. "First Payment Date" means the date on which the first instalment payment is payable as shown on the mortgage form, or a revised date that the lender may establish;
- i. "instalment payment" means the amount of each periodic payment shown on the mortgage form, or a revised amount that the lender may establish;
- j. "instalment payment date" means each payment date commencing on the First Payment Date shown on the mortgage form, or a revised date that the lender may establish;
- k. "interest" means interest at the interest rate shown on the mortgage form;
- l. "Interest Adjustment Date" means the Interest Adjustment Date shown on the mortgage form, or a revised date that the lender may establish;
- m. "interest calculation period" means the period or periods for the calculation of interest shown on the mortgage form;
- n. "interest rate" means the interest rate shown on the mortgage form, or a revised rate that the lender may establish;
- o. "land" means all the borrower's present and future interest in the land described in the mortgage form including every incidental right, benefit or privilege attaching to that land or running with it and all buildings and improvements that are now or later constructed on or made to that land;
- p. "Last Payment Date" means the date on which the last instalment payment is due as shown on the mortgage form, or a revised date that the lender may establish;
- q. "lease" means the leasehold interest, if any, of the borrower referred to in the mortgage form;
- r. "lender" means the person or persons named in the mortgage form as a lender and includes any person to whom the lender transfers this mortgage;
- s. "lender mailing address" means the postal address shown on the mortgage form or the most recent postal address provided in a written notice given by the lender to the borrower under these mortgage terms;

- t. "Maturity Date" means the Balance Due Date shown on the mortgage form, or a revised date that the lender may establish, and is the date on which all unpaid mortgage money is due and payable, or such earlier date on which the lender can lawfully require payment of the mortgage money;
- u. "mortgage form" means Form B under the Land Title (Transfer Forms) Regulation and all schedules and addenda to Form B;
- v. "mortgage money" means the principal amount, interest and any other money owed by the borrower under this mortgage, the payment of which is secured by this mortgage;
- w. "place of payment" means the place of payment shown on the mortgage form or any other place specified in a written notice given by the lender to the borrower under these mortgage terms;
- x. "principal amount" means the amount of money shown as the principal amount on the mortgage form as reduced by payments made by the borrower from time to time, or increased by the advance or readvance of money to the borrower by the lender from time to time, and includes all money that is later added to the principal amount under these mortgage terms;
- y. "receiver" means a receiver or receiver manager appointed by the lender under this mortgage;
- z. "taxes" includes all taxes, rates and assessments of every kind which are now or afterward payable by any person in connection with this mortgage, the land or its use and occupation, or arising out of any transaction between the borrower and the lender, but does not include the lender's income tax; taxes will be deemed to be due on the day on which they are levied by the applicable authority;
- aa. "this mortgage" means the combination of the Mortgage Form B in which the set is referred to by its filing number, all schedules and addenda to Form B and this set of Standard Mortgage Terms;

In this mortgage, the singular includes the plural and vice versa.

2. WHAT THIS MORTGAGE DOES:

- a. In return for the lender agreeing to lend the principal amount to the borrower, the borrower grants and mortgages the land to the lender as security for repayment of the mortgage money and for performance of all the borrower's promises and agreements.
- b. If the interest mortgaged is described in the mortgage form as a leasehold interest, the grant in Subsection a. will be construed as a charge of the unexpired term of the lease less the last month of that term.
- c. This means that:
 - 1) this mortgage will be a charge on the land, and
 - 2) the borrower releases to the lender all the borrower's claim to the land until the borrower has paid the mortgage money to the lender, in accordance with these mortgage terms, and has performed all of the borrower's promises and agreements.
- d. The borrower may continue to remain in possession of the land as long as the borrower performs all of the borrower's promises and agreements.
- e. When the borrower has paid the mortgage money and performed all the borrower's promises and agreements under this mortgage and the lender has no obligation to make any further advances, or readvances, the lender will no longer be entitled to enforce any rights under this mortgage and the borrower will be entitled, at the borrower's cost, to receive a discharge of this mortgage. The discharge must be signed by the lender and must be registered by the borrower in the Land Title Office to cancel the registration of this mortgage against the land.

3. INTEREST

- a. Interest is chargeable on the mortgage money and is payable by the borrower.
- b. Interest is not payable in advance. This means that interest must be earned before it is payable.
- c. Until the Interest Adjustment Date, simple interest is chargeable on the principal amount advanced from time to time, starting from and including the date of advances until, but not including, the Interest Adjustment Date and will, at the lender's option, become due and payable commencing on the first day of the month following the first advance and continuing on the first day of each subsequent month. The balance, if any, of interest on advances will be due and payable on the Interest Adjustment Date.

At the lender's option, interest on advances may be deducted from any advance.

- d. After the Interest Adjustment Date, interest is calculated in accordance with the calculation period shown on the mortgage form, not in advance, as well after as before the Balance Due Date.
- e. In any case where interest is calculated on a daily basis, simple interest is chargeable.
- f. At the end of each calculation period, unpaid interest will be added to the principal amount and bear interest. This is known as compound interest.
- g. All required interest or compound interest will be a charge on the land and secured by this mortgage.

4. PAYMENT OF THE MORTGAGE MONEY

- a. The borrower promises to pay the mortgage money, in lawful money of Canada, to the lender at the place of payment in accordance with the payment provisions set out in the mortgage form and these mortgage terms.
- b. The instalment payment is due and payable as set out in the mortgage form regardless of the principal amount advanced at the instalment payment date.
- c. Where the full principal amount is not advanced, the instalment payment may, at the lender's option, be reduced proportionately.
- d. The borrower promises to arrange for instalment payments to be made by using the lender's pre-authorized cheque plan.
- e. The balance, if any, of the mortgage money will be due and payable on the Balance Due Date shown on the mortgage form.
- f. Any additional principal payment which is received on a day other than an instalment payment date, will not be credited for the purpose of calculating interest on the principal amount until the next ensuing instalment payment date.
- g. The amount of the instalment payment will not change as a result of additional principal payments.
- h. This mortgage cannot be prepaid except as expressly permitted under this mortgage.

5. EARLY RENEWAL PRIVILEGES

- a. Provided there is no default under this mortgage the borrower has the privilege of renewing this mortgage on any instalment payment date during the original term, by selecting a renewal option that the lender is offering at the date of the borrower's selection and on payment of the interest rate differential and an early renewal processing fee. Any renewal option selected must result with a Balance Due Date equal to or greater than the Balance Due Date shown on the mortgage form;
- b. The interest rate differential referred to in Subsection a. is the amount of money the lender requires, on the interest rate change date, to compensate the lender for the loss of interest income which results from a lower rate of interest on a replacing loan for the remainder of the original term. It is calculated after determining the difference between the rate of interest in this mortgage and the rate of interest for a replacing mortgage loan for the mortgage term the borrower selects.

6. RENEWAL

- a. In the event that the lender agrees to renew or extend the term of this mortgage, such renewal or extension, including the interest rate, term, instalment payment and other stipulations of such renewal or extension, will be binding upon the borrower and all subsequent mortgages, encumbrances and other interests in or of the land subsequent to this mortgage ("Subsequent Encumbrances"), and will take full priority over all Subsequent Encumbrances, whether or not the said renewal or extension is filed or recorded by notice at the applicable Land Title Office and whether or not the interest rate payable or amortization period applicable during the renewal or extension term is greater than or less than the interest rate or amortization period stipulated in this mortgage. The borrower will, forthwith at the lender's request, provide to the lender, at the borrower's expense, all such postponements and other assurances as the lender may require to ensure the foregoing binding effect and priority.
- b. All legal and administrative expenses and costs related to renewals of this mortgage are payable by the borrower and they are secured by this mortgage.

7. PROMISES OF THE BORROWER

- a. The borrower promises:
 - 1) to at all times have good and valid title in fee simple to the land free of all encumbrances and claims other than those expressly permitted by the lender;

- 2) to comply with all terms and conditions of any charge or encumbrance that ranks ahead of this mortgage;
 - 3) to keep all buildings and improvements which form part of the land in good condition and to repair them as the lender reasonably requires;
 - 4) to sign any other document that the lender reasonably requires to ensure that payment of the mortgage money is secured by this mortgage or by any other document the borrower has agreed to give as security;
 - 5) not to do anything that has the effect of reducing the value of the land;
 - 6) not to tear down any building or part of a building which forms part of the land without the written consent of the lender;
 - 7) not to make any alteration or improvement to any building which forms part of the land without the written consent of the lender;
 - 8) if the borrower has rented the land to a tenant, to keep, if required by the lender, records of all rents received and of all expenses paid by the borrower in connection with the land and, at least annually, have a statement of revenue and expenses for the land prepared by a professional accountant if the lender requires and to give a copy of the statement to the lender if the lender requires the borrower to do so;
 - 9)
 - a) to pay all taxes as they fall due and to send to the lender at the place of payment, or at any other place the lender requires, all notices of taxes which the borrower receives,
 - b) to pay all utility and fuel charges related to the land when they are due,
 - c) to not allow the supply of utilities or fuel to be interrupted or discontinued, and
 - d) that if the supply of utilities or fuel is interrupted for any reason, to ensure that it is restored;
 - 10) to pay all of the lender's administrative fees, which it charges from time to time and all of the lender's expenses and costs, including legal fees on a solicitor and client basis, including, and without limiting, all fees, expenses and costs to:
 - a) prepare and register this mortgage, including all necessary steps to advance and secure the mortgage money and to report to the lender,
 - b) collect the mortgage money,
 - c) enforce the terms of this mortgage, including efforts to compel the borrower to perform the borrower's promises and agreements,
 - d) do anything which the borrower has promised to do but has not done,
 - e) prepare and give the borrower a discharge of this mortgage when the borrower has paid all money due under this mortgage and the borrower wants it to be discharged, and
 - f) amend this mortgage;
 - 11) to pay any money which, if not paid, would result in a default under any charge or encumbrance having priority over this mortgage or which might result in the sale of the land if not paid; and
 - 12) to pay and cause to be discharged any charges or encumbrances described in Section 7. Subsection d. 2) which are not prior encumbrances permitted by the lender under this mortgage.
 - 13) to insure and keep insured against the risk of fire and other risks and hazards that the lender asks the borrower to insure against, with an insurance company licensed to do business in British Columbia, and which company the lender approves, all buildings and improvements on the land to their full insurable value on a replacement cost basis and to pay all insurance premiums when due;
 - 14) to send a copy of each insurance policy and renewal certificate to the lender at the place of payment;
- b. The insurance policy or policies required by Subsection a. 13) will contain a mortgage clause approved by the lender that states that payment of any loss will be made to the lender at the place of payment or any other place the lender requires and, if this mortgage is not a first mortgage, the amount of any payment made by the insurance company will be paid to the borrower's lenders in the order of their priorities. The borrower will, forthwith upon the happening of any loss or damage, furnish at its expense all necessary proofs and do all acts necessary to enable the lender to obtain payment of the insurance monies. Any insurance monies received by the lender may, at the option of the lender, be applied in whole or in part to: (i) repairing or rebuilding the land, (ii) the payment of all or any part of the mortgage money, whether or not then due or payable; and/or (iii) payment to the borrower.
- c. The borrower gives up any statutory right to require the insurance proceeds to be applied in any particular manner.

- d. The borrower declares to the lender that:
- 1) the borrower owns the land and has the right to mortgage the land to the lender;
 - 2) the borrower's title to the land is subject only to:
 - a) those charges and encumbrances that are expressly permitted by the lender, and
 - b) any unregistered charges and encumbrances that the lender has agreed to in writing;
 - 3) subject to Subsection 2), the borrower:
 - a) has not given any other charge or encumbrance against the land, and
 - b) has no knowledge of any other claim against the land; and
 - 4) the borrower will not use the land or permit it to be used, without the lender's consent, for purposes other than those disclosed to the lender in the application for the mortgage loan.
- e. If the borrower fails to perform any obligation under this mortgage, the lender may, in its absolute discretion, perform that obligation or retain agents to do so. If that obligation requires the payment of money or if the land is at any time subject to any lien or encumbrance, the lender may make payments and pay or arrange to discharge encumbrances, but is under no obligation to do so. The borrower will pay forthwith on demand to the lender all amounts paid by the lender in connection with the performance by the lender of the borrower's obligations and all fees, costs and expenses of the lender of every kind, together with interest from the date of payment by the lender at the greater of the interest rate on the mortgage or the annual prime rate quoted by the Bank of Montreal plus 3% per annum, calculated daily until paid in full. All such amounts outstanding will be secured by this mortgage. No performance or payment by the lender relieves the borrower from any default under this mortgage or any consequences of that default. If the lender makes any payment or performs any obligation on behalf of the borrower, the lender is entitled to all rights, equities and securities of the person paid or satisfied and the lender is entitled to rely upon any statement given by such person as to the amount due to him.

8. AGREEMENTS BETWEEN THE BORROWER AND LENDER

- a. The lender may, at its option, allow the borrower to pay all taxes when they are due.
- b. The lender may, at its option, elect to pay taxes in which case the following will apply:
 - 1) the lender will pay the total amount of taxes on or before the due date, or if taxes are payable in instalments, on or before the due date for payment of the first instalment;
 - 2) the lender may deduct from the final advance of the principal amount, an amount sufficient to pay taxes which are due or will become due by the Interest Adjustment Date;
 - 3) the lender may, at its option, if the lender has not received sufficient money to pay taxes as they become due, disburse monies to pay taxes and they are secured by this mortgage;
 - 4) the borrower will pay to the lender in instalments, together with the instalment payment shown on the mortgage form, commencing on the First Payment Date, an amount which the lender estimates to be needed to enable it to pay taxes as set out in this Section;
 - 5) the borrower will pay to the lender on demand, the amount, if any, by which actual taxes exceed the lender's estimates;
 - 6) the lender will, using the balance in the tax account on the date the lender calculates the interest and principal portion of any instalment payment:
 - a) allow to the borrower interest on balances in the borrower's favour, at a rate of interest which the lender may determine from time to time, and which rate of interest will never be less than the prevailing rate of interest allowed by the chartered banks on personal savings accounts with chequing privileges, and
 - b) charge to the borrower interest on balances in the lender's favour, at the interest rate shown on the mortgage form;
 - 7) allowances or charges will not be made less frequently than once each year;
 - 8) the lender will apply amounts received from the borrower for taxes, to pay taxes, as long as the borrower is not in default under this mortgage. If the borrower is in default under this mortgage, the lender may apply any balance in the borrower's favour, in any manner the lender thinks reasonable;

- 9) the borrower will forward to the lender, immediately upon receipt, the assessment notices, tax bills and other notices affecting the land. Any penalties which are levied against the land because of late payment of taxes are the borrower's responsibility, unless neglect on the lender's part is the reason for penalties;
 - 10) the borrower is responsible for applying for all government grants, assistance and rebates in respect of taxes.
- c. The lender may, at its option, discontinue paying taxes and require the borrower to pay all taxes when they are due.
 - d. If Subsections a. or c. apply, the borrower will provide the lender with the receipt of taxes of the municipality in which the land is located, within 30 days from the date of final payment for that year. Failure to provide the required receipt will entitle the lender to obtain evidence of payment from the municipality and any costs incurred are payable by the borrower and they are secured by this mortgage.
 - e. By this mortgage, the borrower grants and mortgages any additional or greater interest in the land that the borrower may later acquire.
 - f. Any money paid to the lender under this mortgage will:
 - 1) prior to a default, be applied first in payment of taxes and mortgage life insurance, if applicable, secondly in payment of interest, thirdly in payment of the principal amount and fourthly in payment of all other money owed by the borrower under this mortgage, and
 - 2) after a default, be applied in any manner the lender chooses.
 - g. The lender may at any reasonable time inspect the land and any buildings and improvements which form part of it.
 - h. If the lender takes possession of the land, the lender will not be responsible for maintaining and preserving the land and need only account to the borrower for any money which the lender actually receives in connection with this mortgage or the land.
 - i. The lender may spend money to perform any of the borrower's promises and agreements which the borrower has not performed and any money so spent will be added to the principal amount, bear interest from the date that the money was so spent, and be immediately due and payable to the lender.
 - j. If the borrower wants to give any notice to the lender, the borrower must do so by having it delivered to the lender personally or by sending it by registered or certified mail to the lender mailing address or to any other address later specified in writing by the lender to the borrower.
 - k. If the lender wants to give any notice to the borrower, the lender must do so by having it delivered to the borrower personally or by sending it by registered or certified mail to the borrower mailing address or to any other address later specified in writing by the borrower to the lender.
 - l. Any notice sent by mail is considered to have been received 5 days after it is mailed.
 - m. Any notice to be given by the borrower to the lender or vice versa during a mail strike or disruption must be delivered in person or by courier, at the expense of the sender, rather than sent by mail.
 - n. The borrower is not released from the borrower's promises and agreements only because the borrower sells the land.
 - o. If the borrower has mortgaged anything else to the lender better to secure payment of the mortgage money, the lender may take all lawful proceedings under any of the mortgages in any order that the lender chooses.
 - p. The lender does not have to advance or readvance the principal amount or the rest or any further part of the principal amount to the borrower unless the lender wants to, even though:
 - 1) the borrower has signed this mortgage;
 - 2) this mortgage is registered in the Land Title Office; or
 - 3) the lender has advanced to the borrower part of the principal amount.
 - q. The lender may deduct from any advance of the principal amount:
 - 1) any liens against the land;
 - 2) any reasonable fees, charges or expenses incurred in inspecting or in evaluating the land;
 - 3) any discounts or bonuses on which the borrower and lender agree; and
 - 4) any insurance premium and applicable taxes.

- r. The lender's right of consolidation applies to this mortgage and to any other mortgages given by the borrower to the lender. This means that if the borrower has mortgaged other property to the lender, the borrower will not have the right, after default, to pay off this mortgage or any mortgage of other property unless the borrower pays the lender all money owed by the borrower under this mortgage and all of the mortgages of other property.
- s. The lender may, at any time, release part of the land on payment of all or any part of the mortgage money.
- t. The lender may, at any time, release, in whole or in part the borrower or any covenantor from any promise or agreement or other security, either with or without compensation, and the lender is not accountable for the value related to any release or for any money other than money actually received by the lender. After any release, the remaining land, promises and agreements and other securities remain charged with the entire mortgage money secured by this mortgage.
- u. The lender may demand repayment of the remaining principal amount, for any of the reasons set out in Section 9.
- v. The lender may, at its option, allow the borrower to change the instalment payment frequency shown in the mortgage form by selecting a payment frequency that the lender is offering at the date of the borrower's selection, in which case the following will apply:
 - 1) if the instalment payment frequency selected is weekly or bi-weekly, then the instalment payment day must be between Monday and Friday, inclusive;
 - 2) the maximum amortization period allowable is the remain in equivalent monthly amortization period, at the effective date of any such change;
 - 3) should default occur, the lender may, at its option, withdraw the borrower's privilege of using an instalment payment frequency other than monthly;
 - 4) interest required to establish a revised instalment payment date resulting from an instalment payment frequency change, whether initiated by the borrower or by the lender, is payable by the borrower on or prior to the effective date of any such change;
 - 5) the lender may, at its option, charge an administration fee to change the instalment payment frequency if the borrower requests the change at a time other than at the origination or renewal of this mortgage or at the date the borrower purchases the land.
- w. The borrower understands and agrees that the borrower's acceptance of the lender's offer to provide mortgage financing is a separate and binding agreement and that it does not become part of this mortgage.
- x. The borrower understands and agrees that:
 - 1) if the borrower sells, conveys, transfers or enters into any agreement of sale or transfer of the lands covered by this mortgage; or
 - 2) if a purchaser of the lands covered by this mortgage fails to apply for and receive the lender's written approval of the sale, conveyance or transfer; then the mortgage money will become due and payable, together with any fees, charges and expenses, including any interest rate differential as described in Section 5.b. of this mortgage.

9. DEFAULTS

- a. A default occurs under this mortgage if:
 - 1) the borrower breaks any of the borrower's promises and agreements;
 - 2) the borrower breaks any promise or agreement which the borrower has made to the lender in a mortgage of any other land or other property or in any other agreement the borrower has made with the lender even though the borrower may not have broken any of the borrower's promises and agreements;
 - 3) the borrower does not pay any instalment payment on the instalment payment date;
 - 4) the borrower or any covenantor commits an act of bankruptcy, a petition is filed or an assignment is made under any present or future bankruptcy or insolvency legislation against the borrower or a covenantor, or a receiver or receiver-manager of the borrower or any covenantor is appointed or a proposal is made to the creditors of the borrower or any covenantor under any such bankruptcy legislation or a borrower or covenantor is wound up, dissolved or liquidated or resolves to do so;
 - 5) the land is abandoned or is left unoccupied for 30 or more consecutive days;
 - 6) the land or any part of it is sold or expropriated;
 - 7) the borrower sells or agrees to sell all or any part of the land or if the borrower leases it or any part of it without the prior written consent of the lender;
 - 8) the borrower gives another mortgage of the land to someone other than the lender without the prior written consent of the lender;

- 9) the borrower does not discharge any judgement registered in the Land Title Office against the land within 30 days after receiving notice of its registration; or
 - 10) the borrower allows any claim of builders lien to remain undischarged on title to the land for more than 30 days unless the borrower:
 - a) diligently disputes the validity of the claim by taking all necessary legal steps to do so,
 - b) gives reasonable security to the lender to pay the claim in full if it is found to be valid, and
 - c) authorizes the lender to use the security to pay the lien in full;
 - 11) the borrower allows the land to deteriorate so as to reduce the value of the land;
 - 12) the lender discovers that any information supplied to the lender in connection with the borrower's application for mortgage financing or in response to conditions set out in the lender's offer to provide mortgage financing is false or misleading in any material way.
- b. If a default occurs under this mortgage, it will have the same effect as though a default had occurred under any other mortgage or agreement between the borrower and the lender.

10. CONSEQUENCES OF A DEFAULT

- a. If a default occurs, all the mortgage money then owing to the lender will be, if the lender chooses, due and payable, including without limitation all of the lender's fees, costs and expenses.
- b. If a cheque is returned by the borrower's bank on which a payment to be applied to his mortgage is drawn, the lender has the right to collect from the borrower all fees, expenses and costs incurred to compensate the lender for the returned cheque.
- c. If a default occurs, the lender may, in any order that the lender chooses, do any one or more of the following:
 - 1) demand payment of all the mortgage money;
 - 2) sue the borrower for the amount of money due;
 - 3) take proceedings and any other legal steps to compel the borrower to keep the borrower's promises and agreements;
 - 4) enter upon and take possession of the land;
 - 5) sell the land and other property by public auction or private sale, or lease the land on terms decided by the lender:
 - a) on 30 days' notice to the borrower if the default has continued for 30 days, or
 - b) without notice to the borrower if the default has continued for 60 days or more;
 - 6) exercise the rights set out in Subsection c. 5) without entering into possession of the land;
 - 7) apply to the court for an order that the land be sold on terms approved by the court;
 - 8) apply to the court to foreclose the borrower's interest in the land so that when the court makes its final order of foreclosure, the borrower's interest in the land will be absolutely vested in and belong to the lender;
 - 9) appoint a receiver of the land;
 - 10) enter upon and take possession of the land without the permission of anyone and make any arrangements the lender considers necessary to:
 - a) inspect, lease, collect rents or manage the land,
 - b) complete the construction of any building on the land, or
 - c) repair any building on the land;
 - 11) take whatever action is necessary to take, recover and keep possession of the land.
- d. Nothing in Subsection c. affects the jurisdiction of the court.

- e. If the lender sells the land by public auction or by private sale, the lender will use the amount received from the sale to pay:
 - 1) any real estate agent's commission;
 - 2) all adjustments usually made on the sale of land;
 - 3) all of the lender's fees, expenses and costs described in Subsection g., and
 - 4) the mortgage money;and will pay any surplus:
 - 5) according to an order of the court if the land is sold by an order of the court, or
 - 6) to the borrower if the land is sold other than by an order of the court.
- f. If the money available to pay the mortgage money after payment of the commission, adjustments and expenses referred to in Subsection e. 1) to 3) is not sufficient to pay all the mortgage money, the borrower will pay to the lender on demand the amount of the deficiency.
- g. The borrower will pay to the lender on demand, all fees, expenses and costs incurred by the lender in enforcing this mortgage. These expenses and costs include the lender's cost of taking and keeping possession of the land, the cost of the time and services of the lender or the lender's employees for so doing, the lender's legal fees and disbursements on a solicitor and client basis, unless the court allows legal fees and disbursements be paid on a different basis, and all other costs and expenses incurred by the lender to protect the lender's interest under this mortgage. These fees, expenses and costs will be added to the principal amount, be payable on demand and bear interest until they are fully paid.
- h. If the lender obtains judgement against the borrower as a result of a default, the remedies described in Subsection c. may continue to be used by the lender to compel the borrower to perform the borrower's promises and agreements. The lender will continue to be entitled to receive interest on the mortgage money until the judgement is paid in full.
- i. If the lender does not exercise any of the lender's rights on the happening of a default or does not ask the borrower to cure it, the lender is not prevented from later compelling the borrower to cure that default or exercising any of those rights in connection with that default or any later default of the same or any other kind.
- j. Upon default of payment of any principal monies hereby secured at the time or times herein provided, the lender shall be entitled to require, in addition to all monies payable in accordance with this mortgage, a bonus equal to three (3) month's interest in advance on the said principal monies and the borrower shall not be entitled to require a discharge of this mortgage without such payment. Nothing herein contained shall effect or limit the right of the lender to recover by action or otherwise the principal money so in arrears after default has been made.

11. CONSTRUCTION OF BUILDINGS OR IMPROVEMENTS

- a. The borrower will not construct, alter or add to any buildings or improvements on the land without the prior written consent of the lender, and then only in accordance with accepted construction standards, building codes and municipal or government requirements and plans and specifications approved by the lender.
- b. If this mortgage is intended to finance any construction, alteration or addition, the lender may make advances of the principal amount to the borrower based on the progress of construction. The lender will decide whether or not any advances will be made, the amount of the advances, and when they will be made.

12. LEASEHOLD MORTGAGE

- a. This section applies if the interest mortgaged shown on the mortgage form is or includes a leasehold interest.
- b. The borrower represents to the lender that:
 - 1) the lease is owned by the borrower subject only to those charges and encumbrances that are registered in the Land Title Office at the time the borrower signed the mortgage form;
 - 2) the lease is in good standing;
 - 3) the borrower has complied with all the borrower's promises and agreements contained in the lease;
 - 4) the borrower has paid all rent that is due and payable under the lease;
 - 5) the lease is not in default; and

- 6) the borrower has the right to mortgage the lease to the lender.
- c. The borrower will:
- 1) comply with the lease and not do anything that would cause the lease to be terminated;
 - 2) immediately give to the lender a copy of any notice or request received from the landlord;
 - 3) immediately notify the lender if the landlord advises the borrower of the landlord's intention to terminate the lease before the term expires; and
 - 4) sign any other document the lender requires to ensure that any greater interest in the land that is acquired by the borrower is charged by this mortgage.
- d. Any default under the lease is a default under this mortgage.
- e. The borrower promises the lender that the borrower will not, without first obtaining the written consent of the lender:
- 1) surrender or terminate the lease; or
 - 2) agree to change the terms of the lease.
- f. The lender may perform any promise or agreement of the borrower under the lease.
- g. Nothing done by the lender under this Section will make the lender a mortgagee in possession.

13. RECEIVER

- a. The borrower appoints both the lender and any agent of the lender as the borrower's attorney to appoint a receiver of the land.
- b. The lender or the lender's agent may, if any default happens, appoint a receiver of the land and the receiver:
 - 1) will be the borrower's agent and the borrower will be solely responsible for the receiver's acts or omissions;
 - 2) has power, either in the borrower's name or in the name of the lender, to demand, recover and receive income from the land and start and carry on any action or court proceeding to collect that income;
 - 3) may give receipts for income which the receiver receives;
 - 4) may carry on any business which the borrower conducted on the land;
 - 5) may lease or sublease the land or any part of it on terms and conditions that the receiver chooses;
 - 6) may complete the construction of or the repair of any building or improvement on the land;
 - 7) may take possession of all or part of the land;
 - 8) may manage the land and maintain it in good condition;
 - 9) has the power to perform, in whole or in part, the borrower's promises and agreements; and
 - 10) has the power to do anything that, in the receiver's opinion, will maintain and preserve the land or will increase or preserve the value or income potential of the land or the borrower's business on the land.
- c. From income received, the receiver may do any of the following in any order the receiver chooses:
 - 1) retain a commission of 5% of the gross income or any higher commission approved by the court;
 - 2) retain enough money to pay or recover the cost to collect the income and to cover other disbursements;
 - 3) pay all taxes and the cost of maintaining the land in good repair, completing the construction of any building or improvement on the land, supplying goods, utilities and services to the land and taking steps to preserve the land from damage by weather, vandalism or any other cause;
 - 4) pay any money that might, if not paid, result in a default under any charge or encumbrance having priority over this mortgage or that might result in the sale of the land if not paid;

- 5) pay taxes in connection with anything the receiver is entitled to do under this mortgage;
 - 6) pay interest to the lender that is due and payable;
 - 7) pay all or part of the principal amount to the lender whether or not it is due and payable;
 - 8) pay any other money owed by the borrower under this mortgage;
 - 9) pay insurance premiums.
- d. The receiver may borrow money for the purpose of doing anything the receiver is authorized to do.
 - e. Any money borrowed by the receiver, and any interest charged on that money and all the costs of borrowing, will be added to and be part of the mortgage money.
 - f. A receiver appointed by the lender may be removed by the lender and the lender may appoint another in the receiver's place.
 - g. The commission and disbursements of the receiver will be a charge on the land and will bear interest at the interest rate.
 - h. Nothing done by the receiver under this Section will make the lender a mortgagee in possession.

14. STRATA LOT PROVISIONS

- a. This Section applies if the land described in the mortgage form is or becomes a strata lot created under the CONDOMINIUM ACT.
- b. The borrower promises the lender that:
 - 1) the borrower will fulfill all the borrower's obligations as a strata lot owner under the CONDOMINIUM ACT and the bylaws, rules and regulations of the Strata Corporation and will pay all money owed by the borrower to the Strata Corporation;
 - 2) the borrower's breach of any of the borrower's obligations as a strata lot owner will constitute a breach of the borrower's obligations under this mortgage;
 - 3) the borrower has the right to exercise the borrower's rights as a strata lot owner, to vote or to consent in all matters relating to the Strata Corporation provided that,
 - a) the lender may, at any time or from time to time, give written notice to the borrower and to the Strata Corporation that the lender intends to exercise its right to vote or to consent and in that event, until the lender revokes its notice, the borrower may not 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,
 - b) the lender's exercising of the right to vote or to consent will not make the lender a mortgagee in possession;
 - 4) at the request of the lender, the borrower will give the lender copies of all notices, financial statements, proof of payment of common expenses, and other documents given by the Strata Corporation to the borrower;
 - 5) the borrower will insure all improvements to the strata lot and should the Strata Corporation fail to insure the land as required, the borrower will insure common and other interests in the land or assets of the Strata Corporation;
 - 6) the borrower appoints the lender to be the borrower's agent to inspect or to obtain copies of any records or other documents of the Strata Corporation that the borrower is entitled to inspect or to obtain;
 - 7) if the Strata Corporation transfers, charges or adds to the common property, or amends the bylaws without the consent of the lender, and if, in the lender's opinion, the value of the land is reduced, the mortgage money will be, at the lender's option, due and payable to the lender on demand.

15. SUBDIVISION

- a. If the land is subdivided:
 - 1) this mortgage will charge each subdivided lot as security for payment of all the mortgage money; and
 - 2) the lender is not required to discharge this mortgage as a charge on any of the subdivided lots unless all the mortgage money is paid.
- b. Even though the lender is not required to discharge any subdivided lot from this mortgage, the lender may agree to do so in return for payment of all or a part of the mortgage money. If the lender discharges a subdivided lot, this mortgage will continue to charge the subdivided lot or lots that have not been discharged.

16. COVENANTOR'S PROMISES AND AGREEMENTS

Each covenantor, in consideration of the lender making the loan to the borrower intended to be secured by this mortgage, by signing this mortgage:

- a. in addition to its obligations under sub-paragraphs (b) and (c), agrees to be liable with the borrower as principal debtor and not as surety for the due payment of the mortgage money, at the times and in the manner provided for in this mortgage;
- b. in addition to its obligations under sub-paragraphs (a) and (c), unconditionally guarantees full performance and discharge by the borrower of all of the obligations of the borrower under this mortgage at the times and in the manner provided for in this mortgage;
- c. in addition to its obligations under sub-paragraphs (a) and (b), will indemnify and save the lender harmless from and against all losses, damages, costs and expenses which the lender may sustain, incur or be or become liable for in respect of the loan secured by this mortgage, including:
 - 1) the failure, for any reason, of the borrower to pay the mortgage money or to do any other act, matter or thing pursuant to the provisions of this mortgage; and
 - 2) any act, action or proceeding of or by the lender for or in connection with the recovery of the mortgage money or any part thereof or obtaining of performance by the borrower or any other person of any other act, matter or thing pursuant to the provisions of this mortgage;
- d. agrees that the lender may, at any time and without notice to, or consent or concurrence by any covenantor, renew the mortgage on the same or different terms, make any settlement, compromise, composition, extension, alteration or variation in the terms of the mortgage, including any increase in the interest rate or principal amount secured by this mortgage, or take, release or surrender any security, or otherwise deal with the borrower and that no such dealing by the lender nor any carelessness or neglect by the lender in asserting its rights nor any other thing whatsoever, including, without in any way limiting the generality of the foregoing, failure to register or perfect any security, the loss by operation of law of any right of the lender against the borrower or any other person or the loss or destruction of any security nor any dissolution, winding up, receivership, insolvency of the borrower or any other covenantor or person in any way releases or diminishes the liability of the covenantor under this mortgage;
- e. agrees that the lender will not be obliged to proceed against the borrower or any other person or to enforce or exhaust any security before proceeding to enforce the obligations of any covenantor set out in this mortgage, and that enforcement of those obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the borrower or the enforcement of any security for that debt or obligation; and
- f. agrees with the lender to be jointly and severally liable under this mortgage with the borrower and all other covenantors.

Each covenantor's obligations will be binding upon the covenantor's successors, assigns, personal representatives and administrators.

17. CURRENT AND RUNNING ACCOUNT

- a. If the mortgage form states that this mortgage secures a current or running account the lender may, on one or more occasions, advance and readvance all or part of the principal amount, and this mortgage:
 - 1) will be security for payment of the principal amount as advanced and readvanced and for all money payable to the lender under this mortgage;
 - 2) will not be considered to have been redeemed only because:
 - a) the advances and readvances made to the borrower have been repaid, or
 - b) the accounts of the borrower with the lender cease to be in debit, and
 - c) remains effective security for further advances and readvances until the borrower has received a discharge of this mortgage.

18. GENERAL

- a. This mortgage binds the borrower and the covenantor and their successors, executors, administrators and assigns.
- b. Each person who signs this mortgage as a borrower is jointly and severally liable for all of the borrower's promises and agreements as though each such borrower had been the only borrower to sign.

- c. If any part of this mortgage is not enforceable, all other parts will remain in effect and be enforceable against the borrower and any covenantor.
- d. Notwithstanding the registration of this mortgage and the advance of funds pursuant to this mortgage, the terms and/or conditions of any letter of commitment pertaining to the loan transaction evidenced by this mortgage will remain binding and effective on the parties hereto and will not merge in this mortgage nor in any document executed and/or delivered on closing of this transaction, and the terms thereof are incorporated in this mortgage by reference. In the event of any inconsistency between the terms of any such letter of commitment and this mortgage, this mortgage will prevail.
- e. The Section Headings in this mortgage are provided for ease of reference and do not form part of this mortgage.
- f. Any agreement in writing between the borrower and the lender altering the terms of this mortgage in any way, including altering the payment of the unpaid mortgage money, the term or the interest rate (whether increased or decreased) need not be registered in any land registry office, but is effectual and binding on the land and upon the borrower, the lender and upon any subsequent chargee, encumbrancer, transferee of the land, or any part thereof, or other person claiming an interest in the land, as if the agreement had been registered prior to their obtaining any interest in the land. This mortgage will be effective whether or not the whole or any portion of the principal amount is advanced before, after or on the date of execution of this mortgage. This mortgage secures the mortgage money and any portion of the principal amount may be advanced or readvanced by the lender in one or more sums on any future dates and the amount of those advances and readvances when made will be secured by this mortgage and be repayable with interest. If the whole or any part of the principal amount or other amount secured hereby is repaid, until the lender has executed and delivered to the borrower a registrable discharge of this mortgage, this mortgage remains valid security for any subsequent advance or readvance by the lender to the borrower to the same extent as if that advance or readvance had been made on the date of execution of this mortgage. Nothing in this paragraph obliges the lender to make a further advance or readvance.

END OF SET