

HSBC Bank Canada

STANDARD MORTGAGE TERMS
Filed By: HSBC Bank Canada

These mortgage terms shall be deemed to be included and form part of every mortgage where so indicated in the Mortgage Form (as defined below) pursuant to Section 225(5)(b) of the **Land Title Act** R.S.B.C. 1996 c. 250 and amendments thereto.

Residential Form

1. Interpretation

Definitions

1.1 Where used herein or in any amendment hereto, unless the context otherwise requires, each of the underlined words and phrases set out below shall have the following meanings ascribed thereto:

- 1.1.1 **“Act”** means, for the purposes of Part 9 of this Mortgage, the **Condominium Act** (British Columbia) and any amendments thereto;
- 1.1.2 **“Advance”** means for the purposes of Part 8 of this Mortgage, a partial advance or a readvance made by the Mortgagee at the request of the Mortgagor of some or all of the Principal from time to time at the rate of interest and for the term set out in the Request Form;
- 1.1.3 **“Anniversary Date”** means any anniversary of the Funding Date;
- 1.1.4 **“Balance Due Date”** means the date described as the “Balance Due Date” in item 5(1) of the Mortgage Form;
- 1.1.5 **“Business Day”** means any day other than a Saturday, Sunday or statutory holiday in British Columbia that the Mortgagee is open for business;
- 1.1.6 **“Covenantor”** means any person who has signed the Mortgage Form as a “Covenantor”;
- 1.1.7 **“Current Rate”** means, for the purposes of Part 11 of this Mortgage, the rate of interest then being offered by the Mortgagee on conventional residential first mortgage loans on the first business day before the Prepayment Date for the period remaining until the Balance Due Date. If there is any dispute as to the Current Rate in effect on any given date, a certificate of the manager, acting manager or assistant manager of the branch of the Mortgagee where payments under this Mortgage are made as to the Current Rate for such date will be final and binding upon the Mortgagor;
- 1.1.8 **“Differential Rate”** means, for the purposes of Part 11 of this Mortgage, the interest rate per annum, which is equal to the number of percentage points by which the Posted Rate exceeds the Current Rate;
- 1.1.9 **“Excess Payment”** means the amount by which the Mortgagor elects, pursuant to section 11.2.2 of this Mortgage, to increase the monthly payments of principal and interest under this Mortgage, but which shall not exceed 20% of the Payment Amount;
- 1.1.10 **“First Payment Date”** means the Payment Date in the month following the month in which the Funding Date occurs;
- 1.1.11 **“Funding Date”** means the initial date upon which all or any portion of the Principal is advanced by the Mortgagee;
- 1.1.12 **“Hazardous Substances”** means any substance, defined or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any applicable federal,

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provincial or local statute, regulation or ordinance now or hereafter in effect, or any substance or materials, the use or disposition of which is regulated by any such statute, regulation or ordinance;

1.1.13 **“Interest”** means interest at the Mortgage Rate on all Principal, interest in arrears and other monies owed to the Mortgagee under this Mortgage, including the Loan;

1.1.14 **“Interest Calculation Period”** means the period described as the **“Interest Calculation Period”** in item 5(d) of the Mortgage Form, or, in the case of an Advance under Part 8 of this Mortgage, the interest calculation period provided for in the Request Form;

1.1.15 **“Lands”** means the entire right, title and interest of the Mortgagor in and to the lands and premises described as the **“Parcel Identifier(s) and Legal Description(s) of the Mortgaged Land”** in item 2 of the Mortgage Form together with all buildings and improvements thereon and all appurtenances thereto;

1.1.16 **“Loan”** means for the purposes of Part 8 of this Mortgage, the outstanding Advances from time to time, together with interest thereon as provided in this Mortgage and all other moneys which may be added to these loan amounts pursuant to the terms of this Mortgage;

1.1.17 **“Mortgage”** means the Mortgage Form and these filed standard mortgage terms, read together;

1.1.18 **“Mortgagee”** means HSBC Bank Canada and any person to whom this Mortgage is transferred;

1.1.19 **“Mortgage Form”** means the document prescribed by Regulation under the **Land Title Act** (British Columbia), as Part One of Form B which makes reference to these filed standard mortgage terms, and includes all schedules and addenda to such document;

1.1.20 **“Mortgage Rate”** means the annual interest rate described as the **“Interest Rate”** in item 5(b) of the Mortgage Form calculated at the end of each Interest Calculation Period, unless the Mortgagor requests an Advance under Part 8 of this Mortgage, in which case **“Mortgage Rate”** means, for any Advance, the rate of interest as provided in the Request Form for such Advance, and where not so stated and for all other purposes of this Mortgage, means the rate per annum set out in item 5(b) of the Mortgage Form or such other rate as may be agreed to in writing by the Mortgagor and the Mortgagee. Where the rate set out in the Request Form or in item 5(b) includes a reference to the Prime Rate, the Mortgage Rate in such instance shall vary as at the date of each change in the Prime Rate;

1.1.21 **“Mortgagor”** means the person or persons who have signed the Mortgage Form as Borrower(s) or Mortgagor(s);

1.1.22 **“Payment Amount”** means the original monthly payment of principal and interest payable under this Mortgage equal to the amount described as **“Amount of Each Periodic Payment”** in item 5(g) of the Mortgage Form;

1.1.23 **“Payment Date”** means the same day of a month as the Funding Date, or such other day of a month agreed to by the Mortgagor and Mortgagee; provided that whenever the Payment Date would be a date later than the last day of a month, the Payment Date shall be deemed to be the last day of that month;

1.1.24 **“Permitted Encumbrances”** means encumbrances described as the **“Prior Encumbrances Permitted by Lender”** in item 11 of the Mortgage Form;

1.1.25 **“Posted Rate”** means, for the purposes of Part 11 of this Mortgage, the conventional residential mortgage rate of interest of the Mortgagee in effect on the Funding Date for a mortgage loan of the same classification, priority ranking and term as this Mortgage as established and recorded by the Mortgagee. If there is any dispute as to the Posted Rate in effect on the Funding Date, a certificate of the manager, acting manager or assistant manager of the Branch of the Mortgagee where payments under this Mortgage are made as to the Posted Rate for such date will be final and binding upon the Mortgagor;

1.1.26 **“Prepayment Date”** means the date upon which prepayment of any Principal is made;

- 1.1.27 **"Prime Rate"** means, the Mortgagee's floating annual rate of interest established and recorded as such from time to time as a reference rate for determining rates of interest it will charge on loans denominated in Canadian dollars in Canada;
- 1.1.28 **"Principal"** means the aggregate authorized principal amount to be advanced under this Mortgage, described as the "Principal Amount" in item 5(a) of the Mortgage Form, and includes any Advances which may be made from time to time under Part 8 of this Mortgage;
- 1.1.29 **"Request Form"** means the form prescribed by the Mortgagee from time to time for execution and delivery by the Mortgagor in respect of Advances made under Part 8 of this Mortgage, such form to set out:

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(a) the date for repayment of the Advance;

(b) the rate of interest payable on the Advance; and

(c) the terms of repayment and prepayment privileges, if any, applicable to the Advance,

and any such Request Form executed and delivered to the Mortgagee by the Mortgagor and executed by the Mortgagee shall constitute a supplement to this Mortgage and shall have the same effect as if it formed part of this Mortgage;

- 1.1.30 **"Strata Corporation"** means the owners of the strata plan, if any, described in the "Parcel Identifier(s) and Legal Description(s) of the Mortgaged Land" in item 2 of the Mortgage Form; and
- 1.1.31 **"Taxes"** means all taxes, rates, duties, assessments and local improvement charges levied on the Lands and all penalties and interest payable in connection therewith.

Included Words

- 1.2 Wherever the singular or masculine are used herein, the plural or the feminine or the body politic or corporate shall be deemed to be included where the context so requires.

Headings

- 1.3 The headings to the parts and sections of these mortgage terms are inserted for convenience only and shall not affect the construction thereof.

References

- 1.4 Unless otherwise stated, a reference herein to a numbered or lettered part or section refers to the part or section having that part or section number or letter in these mortgage terms or the Mortgage Form, and a reference to these mortgage terms or herein means these mortgage terms including any schedules or amendments hereto and any Request Forms.

2. Property Charged

(Page 2 as registered with the Land Titles Office) To secure the repayment of the Principal and Interest and other monies owing hereunder, including the Loan, the Mortgagor does hereby GRANT AND MORTGAGE unto the Mortgagee, its successors and assigns ALL AND SINGULAR all of the right, title and interest of the Mortgagor in and to the Lands, to have and to hold the Lands unto and to the use of the Mortgagee, its successors and assigns, forever, subject to the redemption provision set out in Part 4 hereof.

3. Interest

- 3.1 If the Mortgagor fails to pay when due the monies secured by this Mortgage or any part thereof, the Mortgagor shall pay compound interest on those monies at the Mortgage Rate both before and after maturity, default and judgment to be computed on the last day of each Interest Calculation Period until paid in full.

4. Redemption Provision

4.1 PROVIDED this Mortgage shall be void upon:

- 4.1.1 payment to the Mortgagee of the Principal, including each Advance with Interest payable as provided in this Mortgage, including interest on the amount outstanding under each Advance under Part 8 of this Mortgage, computed from the date of the Advance at the rate provided in the Request Form for such Advance and, unless otherwise provided in this Mortgage, payable as provided in the Request Form as well after as before maturity, default and judgment, until the Loan has been paid in full; and
- 4.1.2 payment of all such other sums to which the Mortgagee may be entitled by virtue of this Mortgage, as and when such sums shall become due and payable; and
- 4.1.3 payment of taxes and performance of statute labour; and
- 4.1.4 observance and performance of all covenants, provisions and conditions herein contained;

and the Mortgagor releases to the Mortgagee all of the Mortgagor's claim upon the Lands, subject to the foregoing redemption provision.

5. Payments

5.1 Save for Advances, which shall be governed by Part 8 of this Mortgage, the Principal, together with interest thereon at the Mortgage Rate computed from the Funding Date shall become due and be paid by monthly instalments in the Payment Amount (which include principal and interest) on the Payment Date in each and every month from and including the First Payment Date up to and including the Balance Due Date, and the balance, if any, of the Principal and Interest and all other monies, if any, outstanding under this Mortgage shall become due and payable on the Balance Due Date.

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5.2 The Mortgagee shall have the right to appropriate any payment received hereunder to Interest, Principal, Taxes, repairs, insurance premiums or other advances made on behalf of the Mortgagor in any manner that the Mortgagee shall deem fit.

5.3 All payments to the Mortgagee shall be made at the branch of the Mortgagee set out in the Mortgage Form or such other place that the Mortgagee may designate and any payments made after 1:00 p.m. shall be credited as being paid on the next day that the Mortgagee is open for business at the said office.

6. Taxes

6.1 The Mortgagor shall immediately pay or cause to be paid all Taxes, when due and shall furnish the Mortgagee with receipts for those payments within 30 days after they become due.

6.2 In the alternative, the Mortgagee may require that the Mortgagor shall in each and every month on the Payment Date, pay to the Mortgagee one-twelfth of the amount (as estimated by the Mortgagee in its sole discretion) of the Taxes to enable the Mortgagee to pay the whole amount of the Taxes at least thirty days prior to the due date for payment thereof, or if the Taxes are payable in instalments, at least thirty days prior to the due date for payment of the first instalment. The Mortgagee shall not be liable to allow or pay interest on any funds held by it for the payment of Taxes. To the extent that the Taxes charged for any one year, together with interest and penalties thereon, exceed the amount estimated by the Mortgagee, the Mortgagor shall pay to the Mortgagee on demand the amount required to make up the deficiency and the Mortgagor shall pay interest on the amount of the said deficiency at the Mortgage Rate.

6.3 The Mortgagee may withhold from any advance of the Principal or from any Advance an amount sufficient to pay the Taxes which have or will become due and payable.

6.4 If the Mortgagor fails to make any payments under section 6.1, the Mortgagee may, but shall not be obligated to, make those payments and the amounts thereof:

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6.4.1 shall be a charge on the Lands in favour of the Mortgagee in priority to all claims subsequent to this Mortgage;

6.4.2 shall be payable by the Mortgagor immediately with interest at the Mortgage Rate until paid; and

6.4.3 shall with interest at the Mortgage Rate be added to the monies hereby secured as if those amounts had originally formed part of the Principal.

6.5 The Mortgagor shall transmit to the Mortgagee the tax bills and assessment notices and other notices affecting the imposition of Taxes forthwith after the receipt of same by the Mortgagor.

7. General Covenants

7.1 The Mortgagor covenants with the Mortgagee that:

7.1.1 the Mortgagor will pay the Principal and Interest under this Mortgage and observe the above provisions;

7.1.2 all Interest not paid when due shall be treated as Principal, and in the event of non-payment of any of the moneys hereby secured at the time set for payment thereof the Mortgagor will, so long as any part thereof remains unpaid, pay interest at the Mortgage Rate from day to day on the same as well after as before maturity, default and judgment, and all such interest and compound interest shall be secured by this Mortgage and be a charge on the Lands;

7.1.3 the Mortgagor has good title to the Lands, has the right to mortgage and charge the Lands in favour of the Mortgagee on the covenants, agreements, conditions and provisions contained in this Mortgage, and the Mortgagor has done no act to encumber the Lands, other than under Permitted Encumbrances;

7.1.4 neither the preparation, execution or registration of this Mortgage nor the advance of any portion of the Principal shall bind the Mortgagee to advance the Principal or any unadvanced portion thereof, it being understood that the advance of the Principal or any part thereof shall be in such manner and in such amounts as the Mortgagee in its sole discretion shall determine;

7.1.5 on default hereunder, the Mortgagee shall have possession of the Lands free from all encumbrances, other than the Permitted Encumbrances, provided that until default of payment the Mortgagor shall have quiet possession of the Lands;

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7.1.6 the Mortgagor has done no act nor been guilty of any omission or laches whereby the rights of the Mortgagee in the Lands have become in any way impaired or invalid;

7.1.7 the Mortgagor shall execute further assurances of the Lands that may be required by the Mortgagee;

7.1.8 the Mortgagor shall immediately pay and discharge or cause to be paid and discharged:

- (a) all liens, charges, and encumbrances which rank or could in any event rank in priority to this Mortgage, other than the Permitted Encumbrances;
- (b) all amounts falling due under any Permitted Encumbrances; and
- (c) all costs, charges, expenses, and legal fees (between solicitor and client) which may be incurred by the Mortgagee in:
 - (i) inspecting the Lands;
 - (ii) negotiating this Mortgage;
 - (iii) investigating title to the Lands;
 - (iv) preparing and registering this Mortgage and other necessary instruments;
 - (v) taking, recovering, and keeping possession of the Lands;

- (vi) preparing a discharge of this Mortgage;
- (vii) preparing mortgage statements as requested by the Mortgagor;
- (viii) all proceedings taken in connection with or to realize the monies hereby secured;

7.1.9 if the Mortgagor fails to make any payments under the preceding section the Mortgagee may, but shall not be obligated to, make those payments and the amounts thereof:

- (a) shall be a charge on the Lands in favour of the Mortgagee in priority to all claims subsequent to this Mortgage;
- (b) shall be payable by the Mortgagor immediately with interest at the Mortgage Rate until paid; and
- (c) shall with interest at the Mortgage Rate be added to the monies hereby secured as if those amounts had originally formed part of the Principal;

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7.1.10 if the Mortgagee pays and satisfies, on behalf of the Mortgagor, the whole or any part of any Taxes, rates, duties, or assessments or liens, charges, or encumbrances now or hereafter existing or claimed in respect of the Lands, the Mortgagee shall be entitled to all the equities and securities of the person or persons so paid and is hereby authorized to retain any discharge thereof without registration for so long as it may see fit to do so;

7.1.11 the Mortgagor shall:

- (a) insure and keep insured against loss or damage by fire and any other insurable risks and perils that the Mortgagee may see fit the improvements now and hereafter on the Lands for an amount not less than their full insurable value;
- (b) place the required insurance with an insurer and on such terms as may be approved by the Mortgagee with loss payable to the Mortgagee in priority to every person. The policy shall include an Insurance Bureau of Canada approved standard mortgage clause;
- (c) upon execution of this Mortgage immediately deliver to the Mortgagee a copy of the policy or policies evidencing the insurance and of receipts for the premiums thereon and at least fifteen (15) days prior to the expiry of a policy or at least five (5) days prior to the date fixed for cancellation of a policy should notice of cancellation be given, the Mortgagor shall deliver to the Mortgagee evidence of renewal or replacement of the policy; and
- (d) obtain such new insurance as the Mortgagee may require if the insurer or the insurance ceases to have the approval of the Mortgagee;

7.1.12 if the Mortgagor fails to properly insure, the Mortgagee may, but shall not be obligated to, effect such insurance as it sees fit which may be solely for the benefit of the Mortgagee, with no duty to account for the proceeds thereof, and the costs of that insurance:

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- (a) shall be a charge on the Lands in favour of the Mortgagee in priority to all claims subsequent to this Mortgage;
- (b) shall be payable by the Mortgagor immediately with interest at the Mortgage Rate until paid; and
- (c) shall with interest at the Mortgage Rate be added to the monies hereby secured as if those costs had originally formed part of the Principal;

7.1.13 if the whole or any part of the improvements now and hereafter on the Lands are damaged or destroyed the Mortgagor shall immediately notify the Mortgagee in writing, and shall furnish at its own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance proceeds. Any insurance proceeds received may, at the option of the Mortgagee, be applied wholly or in part in reduction of

the Principal and Interest or other sums then remaining unpaid, notwithstanding that no amount at such time may be due and payable under the terms of this Mortgage, and/or may be applied in rebuilding, reinstating or repairing the premises and improvements. No damage may be repaired nor any reconstruction effected by the Mortgagor without the prior written approval of the Mortgagee;

7.1.14 all improvements now and hereafter on the Lands including, but not limiting the generality of the foregoing, all buildings, fences, heating, plumbing, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, floor coverings, storm windows and storm doors, window screens and screen doors, and all apparatus and equipment appurtenant thereto are and shall, in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the Lands as between the parties hereto and shall be a portion of the security for the monies hereby secured, but the Mortgagor shall not make or permit to be made any alterations or additions to the Lands or any building or improvement thereon without the consent of the Mortgagee and will not use the Lands or permit them to be used, without the consent of the Mortgagee, for a purpose other than that disclosed to the Mortgagee in the application for this Mortgage;

7.1.15 the Mortgagor shall not permit the Lands to remain unoccupied or unused and shall not permit any building being erected on the Lands to remain unfinished or without any work being done thereon for a period exceeding 30 days;

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7.1.16 the Mortgagor shall not permit waste to be committed or suffered on the Lands and shall maintain or cause to be maintained the improvements now and hereafter on the Lands in good order and repair to the satisfaction of the Mortgagee;

7.1.17 the Mortgagee may at any time that the Mortgagee may deem necessary and without the concurrence of any other person make arrangements for the repairing, finishing, and putting in order of any improvements now and hereafter on the Lands, and for the inspecting, maintaining, leasing, collecting of rents of, and managing generally the Lands as the Mortgagee may deem expedient, without thereby becoming liable as a mortgagee in possession, and all reasonable costs, charges, and expenses and legal fees (between solicitor and client) incurred in connection therewith including allowance for the time and services of any authorized employee of the Mortgagee or other persons appointed for the above purpose:

- (a) shall be a charge on the Lands in favour of the Mortgagee in priority to all claims subsequent to this Mortgage;
- (b) shall be payable by the Mortgagor immediately with interest at the Mortgage Rate until paid; and
- (c) shall with interest at the Mortgage Rate be added to the monies hereby secured as if those costs, charges and expenses had originally formed part of the Principal;

7.1.18 the Mortgagor shall not:

- (a) sell, grant an option to purchase, lease, convey or transfer title to the Lands to a purchaser, grantee or transferee not approved by the Mortgagee; nor
- (b) permit any legal proceedings to continue which in any way affect the title to the Lands; nor
- (c) grant any further mortgage, charge or other encumbrance on the Lands; nor
- (d) commit any breach or default of any Permitted Encumbrances;

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7.1.19 upon:

- (a) default of payment of any instalment of Interest or of Principal and Interest or of the Loan or any of the Advances and/or interest thereon at the time or times provided or referred to in this Mortgage or the Request Form; or

- (b) default of payment of any other monies owing hereunder when payable; or
- (c) it being discovered that any statement in this Mortgage or in the application by the Mortgagor for the loan of the Principal is untrue; or
- (d) the Mortgagor making an assignment for the benefit of creditors or a proposal under the **Bankruptcy and Insolvency Act** (Canada) or having a bankruptcy petition presented against the Mortgagor; or
- (e) the Lands or any part thereof being expropriated under the provisions of any law of Canada or any province thereof; or
- (f) any act or thing being done by which the value of the Lands, in the opinion of the Mortgagee, diminishes;
or
- (g) breach of section 7.1.18; or
- (h) if the Mortgagor is a corporation, the Mortgagor ceases to carry on business, is subjected to liquidation proceedings or amalgamates with or assigns its assets to another corporation; or
- (i) breach of any other covenant, agreement, condition or proviso herein contained by the Mortgagor which breach is not rectified within ten (10) days of notice thereof to the Mortgagor; or
- (j) breach by the Mortgagor of any other mortgage, security agreement or other agreement to which the Mortgagor and the Mortgagee are parties,

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then at the sole discretion of the Mortgagee and notwithstanding the other provisions of this Mortgage, the Principal and Interest and all other monies hereby secured shall immediately become due and be paid, and the Mortgagee may without notice take possession of the Lands and sell the Lands or any part thereof by public auction or private sale for the price that can reasonably be obtained therefor, and on terms as to credit and otherwise and with the conditions of sale and stipulations as to title or evidence of title or otherwise that the Mortgagee in its sole discretion shall see fit, and in the event of a sale under this section 7.1.19, sections 7.1.20 to 7.1.25 inclusive shall apply;

- 7.1.20 in the event of any sale on credit or for part cash and part credit, the Mortgagee shall not be accountable for or charged with any monies until actually received;
- 7.1.21 the Mortgagee may rescind or vary any contract of sale and may buy and re-sell the Lands or any part thereof without being answerable for loss occasioned thereby;
- 7.1.22 no purchaser shall be bound to inquire into the legality, regularity or propriety of any sale or be affected by notice of any irregularity or impropriety;
- 7.1.23 no lack or default or want of notice or other requirement, or any irregularity or impropriety of any kind shall invalidate any sale;
- 7.1.24 the Mortgagee may take sale proceedings hereunder, notwithstanding that other proceedings have been taken or are then pending;
- 7.1.25 the proceeds of any sale hereunder shall be applied:

FIRSTLY: in payment to the Mortgagee on account of any costs, charges, and expenses (between solicitor and client) attending that sale or incurred in taking, recovering, or keeping possession of the Lands or by reason of non-payment or procuring of the monies hereby secured;

SECONDLY: in payment to the Mortgagee on account of the Principal;

THIRDLY: in payment to the Mortgagee on account of Interest;

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FOURTHLY: in payment to the Mortgagee on account of any other monies owing hereunder, and the surplus, if any, shall be paid to the Mortgagor;

- 7.1.26 the taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of those covenants or affect the Mortgagee's right to interest at the Mortgage Rate and times herein provided and any judgment may provide that interest thereon be computed at the same rate and in the same manner as aforesaid until that judgment shall have been fully paid and satisfied;
- 7.1.27 all remedies stipulated for the Mortgagee herein shall be in addition to and not restrictive of the remedies of a mortgagee at law and in equity;
- 7.1.28 each remedy of the Mortgagee may be enforced in priority to or concurrently with or subsequent to any other remedy or remedies of the Mortgagee;
- 7.1.29 the Mortgagee may realize upon various securities and the parts thereof in any order that the Mortgagee may determine and any realization upon any security or securities shall not bar realization upon any other security or securities;
- 7.1.30 any demand, notice, or court process may be effectively given to or served upon the Mortgagor by the Mortgagee:
- (a) by leaving the demand, notice, or court process with an adult person on the Lands, if occupied, or placing it on some portion thereof, if unoccupied;
 - (b) by mailing that demand, notice, or court process by prepaid post to the Mortgagor at the Mortgagor's address set out in the Mortgage Form or at any other address that may be given in writing by the Mortgagor to the Mortgagee;
 - (c) if the Mortgagor is a corporation, by mailing any demand, notice, or court process to the Mortgagor at its registered office; or
 - (d) by publishing the demand, notice, or court process twice in a newspaper published or circulating in the county or district in which the Lands are situate,

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and to the Mortgagee by the Mortgagor by mailing any notice by prepaid registered mail or by delivering any notice to the Mortgagee at the Mortgagee's address set out above or to any other address that may be given by the Mortgagee to the Mortgagor;

- 7.1.31 every part into which the Lands are or may hereafter be divided does and shall stand charged with the whole of the monies secured by this Mortgage and no person shall have any right to require the monies hereby secured to be apportioned on or in respect of these parts, but the Mortgagee may release any part or parts of the Lands with or without sufficient consideration without thereby releasing the Mortgagor from this Mortgage;
- 7.1.32 no sale or other dealing by the Mortgagor with the equity of redemption in the Lands 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;
- 7.1.33 this Mortgage shall be continuing security for the Principal, including the Loan, and for each of the Advances and as such shall be deemed to be taken to secure a current or running account with the Mortgagee for the ultimate balance of the monies payable under this Mortgage by the Mortgagor to the Mortgagee. Any portion of the Principal may be advanced or readvanced by the Mortgagee in any one or more sums at any future date or dates and the amount of those advances, readvances and of the Advances when so made shall be secured by this Mortgage and be repayable with interest at the Mortgage Rate;
- 7.1.34 if this Mortgage is redeemed by the Mortgagor, it shall be cancelled and shall not be re-issued but:

- (a) any partial payment made by the Mortgagor to the Mortgagee; or
- (b) any ceasing by the Mortgagor to be indebted to the Mortgagee; or
- (c) any account of the Mortgagor ceasing to be in debit;

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shall be deemed not to be a redemption or cancellation pro tanto or otherwise and this Mortgage shall remain valid security for any subsequent advance or readvance by the Mortgagee to the Mortgagor, including an Advance, to the same extent as if that advance, readvance or Advance had been made on the execution of this Mortgage, until the Mortgagee has delivered a registrable discharge of this Mortgage to the Mortgagor. The Mortgagee shall have a reasonable time in which to prepare and execute a discharge of this Mortgage;

- 7.1.35 any and all payments made in respect of the amounts secured by this Mortgage and the monies or other proceeds realized from any securities held therefor (including this Mortgage) may be applied, and re-applied, notwithstanding any previous application, on the part of the monies secured by this Mortgage as the Mortgagee may see fit;
- 7.1.36 every certificate signed by an authorized employee of the Mortgagee purporting to show the amount due and payable under this Mortgage or of the Posted Rate or the Prime Rate at any time shall be prima facie evidence as against the Mortgagor of such amount or rate, and any discretion, option, decision or opinion hereunder on the part of the Mortgagee shall be sufficiently exercised or formed if exercised or formed by, or subsequently ratified, by the manager, acting manager or assistant manager of any branch office of the Mortgagee or an executive officer of the Mortgagee or any officer or agent appointed by the Mortgagee for such purpose;
- 7.1.37 no apparent change in the state of the account of the Mortgagor with the Mortgagee, by reason of:
 - (a) any renewal, substitution, or alteration of the repayment provisions herein;
 - (b) monies deposited or bills of exchange, promissory notes, or other commercial paper discounted or given in renewal, substitution, or alteration of the bills, notes, and paper from time to time held by the Mortgagee; or
 - (c) otherwise,

shall be deemed to be repayment on account of the Principal or Interest or any part thereof or call for or require the application of any cash deposits or proceeds as payments on account of the monies secured by this Mortgage or any part thereof, or in any way affect the security of this Mortgage, unless an authorized employee of the Mortgagee shall give a receipt to the Mortgagor to that effect;

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- 7.1.38 the Mortgagee may grant time, renewals, extensions, indulgences, releases, and discharges to, may take securities from, and give them and any and all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Mortgagor and all other persons and securities that the Mortgagee may see fit without prejudicing the rights of the Mortgagee under this Mortgage;
- 7.1.39 if the provisions of any section of this Mortgage shall be held to be unenforceable or otherwise invalid, that holding shall not in any way affect the enforceability or validity of the remaining sections of this Mortgage;
- 7.1.40 all rights, advantages, privileges, immunities, powers, and things hereby secured to the Mortgagee, shall be equally secured to and exercisable by its successors and assigns;
- 7.1.41 all amounts payable to the Mortgagee hereunder shall be made without deduction, compensation, set-off, or counterclaim;
- 7.1.42 any rights, claims, or causes of action which the Mortgagor now has or in the future may have against any vendor, contractor, material-man, or other party with respect to the Lands or any buildings or improvements thereon are hereby assigned to the Mortgagee as further security for the amounts secured by this Mortgage;

7.1.43 if this Mortgage is executed by two or more persons comprising the Mortgagor, all covenants and liabilities entered into or imposed upon the Mortgagor shall be deemed to be joint and several obligations of each of such persons, and payment by any one person of a portion of the Principal and Interest shall not entitle such person to a discharge of this Mortgage as against the interest of such person in the Lands; the Mortgage to stand as a continuous security over the entire Lands until all amounts secured by this Mortgage have been repaid in full;

7.1.44 all covenants and liabilities entered into or imposed hereunder upon the Mortgagor shall be binding upon the Mortgagor and the heirs, executors, administrators, and assigns of the Mortgagor (and if the Mortgagor is a corporation, its successors and assigns);

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7.1.45 the common law right of consolidation is retained and preserved, and the Mortgagee may, at its sole discretion, invoke the right to consolidate at any applicable time, and for the purposes hereof, section 31 of the **Property Law Act** (British Columbia) and any other statutory provision abolishing, or purporting to abolish the right of consolidation, being hereby expressly excluded;

7.1.46 clause 15 of Schedule 6 of the **Land Transfer Form Act** (British Columbia) shall not apply to this Mortgage;

7.1.47 time shall be of the essence hereof;

7.1.48 if requested by the Mortgagor, the Mortgagee may permit this Mortgage to be renewed or extended from time to time for such additional periods and at such rates of interest as may be determined by the Mortgagee;

7.1.49 to the best of the Mortgagor's knowledge after due and diligent inquiry, no Hazardous Substances are being stored on the Lands or any adjacent property nor have any Hazardous Substances been stored or used on the Lands or any adjacent property prior to the Mortgagor's ownership, possession or control of the Lands. The Mortgagor agrees to provide written notice to the Mortgagee immediately upon the Mortgagor becoming aware that the Lands or any adjacent property is being or has been contaminated with Hazardous Substances. The Mortgagor will not permit any activities on the Lands which directly or indirectly could result in the Lands or any other property being contaminated with Hazardous Substances;

7.1.50 the Mortgagor shall promptly comply with all statutes, regulations and ordinances, and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, storage, treatment, control, removal or cleanup of Hazardous Substances in, on, or under the Lands or in, on, or under any adjacent property that becomes contaminated with Hazardous Substances as a result of construction, operations or other activities on, or the contamination of, the Lands, or incorporated in any improvements thereon. The Mortgagee may, but shall not be obligated to, enter upon the Lands and take such actions and incur such costs and expenses to effect such compliance as it deems advisable and the Mortgagor shall reimburse the Mortgagee on demand for the full amount of all costs and expenses incurred by the Mortgagee in connection with such compliance activities and such costs and expenses:

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- (a) shall be a charge on the Lands in favour of the Mortgagee in priority to all claims subsequent to this Mortgage;
- (b) shall be payable by the Mortgagor immediately with interest at the Mortgage Rate until paid; and
- (c) shall with interest at the Mortgage Rate be added to the monies hereby secured; and

7.1.51 the Mortgagor shall indemnify and hold the Mortgagee harmless from and against all loss, costs, expenses, charges, damages, liabilities (including without limitation, legal fees and costs) directly or indirectly arising out of or attributable to or otherwise relating to the presence on, under or about the Lands of any Hazardous Substances. The liability of the Mortgagor under this indemnity shall survive any Foreclosure of this Mortgage and any other extinguishing of the obligations of the Mortgagor under this Mortgage or the monies hereby secured and any other exercise by the Mortgagee of any remedies available to it against the Mortgagor under this Mortgage. The warranties contained in Sections 7.1.49 to 7.1.51, inclusive shall survive and remain in full force and effect regardless of any independent inspections, investigations and assessments which the Mortgagee may conduct or cause to be conducted with respect to Hazardous Substances on, under or about the Lands.

8. Partial Advances and Readvances

- 8.1 In the event that the Mortgagor wishes the Principal to initially be made available in partial advances or wishes all or any portion of the repaid Principal to be readvanced from time to time, the Mortgagor shall execute and deliver to the Mortgagee a Request Form in this regard. In such event the Mortgagor shall repay to the Mortgagee the outstanding Advance or Advances, and Interest, in the manner set out in the Request Form or Request Forms so executed and delivered.

9. Condominium Act

- 9.1 ^(Page 20 as registered with the Land Titles Office) If the Lands are comprised of a strata lot and interest in common property created under the Act and any amendments thereto, or any similar prior legislation:

9.1.1 the Mortgagor shall, on or before the due dates thereof, pay each and every assessment, contribution, or levy made against the strata lot and interest in the common property hereby charged by the owners of the Strata Corporation;

9.1.2 if the Mortgagor fails to pay any one or more of those assessments, contributions, or levies on or before their due dates including, but not limiting the generality of the foregoing, a default by the Mortgagor in payment of the Mortgagor's share of the common expenses, whereby the Strata Corporation may register a Form B certificate under the schedule to the Act, that failure shall constitute default under this Mortgage and the whole of the Principal, Interest, costs, and charges, if any, then owing under this Mortgage shall, at the sole discretion of the Mortgagee, immediately become due and be paid;

9.1.3 upon the Mortgagor's failure to pay any assessment, contribution, or levy, the Mortgagee may make that payment but shall not be obligated to do so, and any amount so paid by the Mortgagee shall be added to and form part of the Principal and bear interest at the Mortgage Rate until paid by the Mortgagor, and shall be paid to the Mortgagee together with interest thereon immediately without demand;

9.1.4 the Mortgagor shall observe and carry out all the duties and requirements of the by-laws of the Strata Corporation;

9.1.5 subject to the provisions of the Act, the Mortgagor hereby authorizes and empowers the Mortgagee to exercise all powers of voting conferred on the Mortgagor by or under the Act, provided that the Mortgagee shall not be responsible in any way to the Mortgagor for the consequences of the exercise of or the failure to exercise that vote;

9.1.6 the Mortgagor hereby authorizes in writing any authorized employee of the Mortgagee to apply at any time and from time to time during the term hereof to the Strata Corporation to have the by-laws for the time being in force governing the strata lot and interest in the common property hereby mortgaged made available for inspection by that authorized employee of the Mortgagee;

9.1.7 ^(Page 21 as registered with the Land Titles Office) the Mortgagor hereby provides authority under the Act to any authorized employee of the Mortgagee to apply at any time and from time to time to the Strata Corporation for certification to the Mortgagee of:

- (a) the amount of any contribution determined as a contribution of the Mortgagor;
- (b) the manner in which the contribution is payable;
- (c) the extent to which the contribution has been paid by the Mortgagor; and
- (d) the amount of any money expended on behalf of the Mortgagor under the Act and not recovered by the Strata Corporation;

9.1.8 the Mortgagor irrevocably appoints the Mortgagee as the agent of the Mortgagor for the purpose of obtaining any information relating to the strata lot and in particular, information relating to levies and assessments applicable to that strata lot, provided that the Mortgagee shall not be responsible to the Mortgagor in any way for any act or omission under this appointment;

- 9.1.9 the Mortgagor shall, upon execution of this Mortgage or immediately upon demand of the Mortgagee at any time thereafter, execute an instrument in the form that the Mortgagee may present irrevocably appointing the Mortgagor or any other person that the Mortgagee may designate as the proxy of the Mortgagor to exercise the vote of the Mortgagor at all meetings of the owners of the Strata Corporation;
- 9.1.10 the Mortgagor hereby authorizes any authorized employee of the Mortgagee to apply at any time and from time to time to the Strata Corporation on behalf of the Mortgagor for a Form A certificate under the schedule to the Act that no monies are owing to the Strata Corporation;
- 9.1.11 upon request of the Mortgagee, the Mortgagor shall deliver to the Mortgagee copies of all notices of meetings, minutes, financial statements, and documents of a similar nature of the Strata Corporation and delivered by the Strata Corporation to the Mortgagor;
- 9.1.12 subject to the provisions of the Act, the Mortgagor hereby assigns to the Mortgagee all the Mortgagor's rights under the Act, the by-laws of the Strata Corporation and any rules and regulations thereunder;
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- 9.1.13 nothing herein contained shall render the Mortgagee a mortgagee in possession; and
- 9.1.14 the Mortgagor shall not give up possession of the strata lot and interest in the common property hereby mortgaged to a person on the basis of an agreement providing for the purchase of the strata lot by the occupier or on the basis of a lease, sublease, or assignment of lease for a term of three (3) years or more if by so doing the Mortgagor is deemed under the Act to have assigned to the occupier all the Mortgagor's rights, powers, duties, and obligations under the Act or the by-laws created under the Act.

10. Assignment of Rents

- 10.1 The Mortgagor does hereby assign and transfer unto the Mortgagee, ALL AND SINGULAR the rents and leases, verbal or written, made with respect to the Lands, now or at any time in the future, together with all the benefits and advantages to be derived from the said rents or leases and each of them and all the rights therein, TO HAVE AND TO HOLD and to receive the same unto the Mortgagee its successors and assigns, until the whole sum of money, Principal, Interest, Taxes, costs and expenses, insurance premiums and all other monies and obligations howsoever due and payable or to become due and payable under this Mortgage have been fully paid and satisfied.
- 10.2 Nothing contained herein shall be deemed to have the effect of making the Mortgagee responsible for the collection of the said rents or any part of parts thereof or for the observance or performance of any of the covenants, terms or conditions, either by the lessor or the lessee under the said lease or leases, to be observed or performed.
- 10.3 The Mortgagee shall be liable to account only for such monies as may actually come into its hands by virtue of these presents, less proper collection charges, and that such monies when so received by it shall, at the discretion of the Mortgagee, be applied on account of the monies secured by this Mortgage.
- 10.4 In the event of default by the Mortgagor under this Mortgage, proceedings may, at the option of the Mortgagee, be taken under this assignment of rents either independently or in conjunction with the other rights and remedies of the Mortgagee under this Mortgage.
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- 10.5 The Mortgagor shall not, without the prior written consent of the Mortgagee, accept prepayment of any rent due or to accrue due in respect of the said leases or any of them, but shall accept payment thereof only in the amounts and on the days and at the times and in the manner stipulated in the said leases.
- 10.6 This assignment of rents shall be deemed to apply to and have effect in respect of any further or other lease, agreement for lease or right of occupancy of the Lands or any part or parts thereof situate on the Lands, which may exist during the currency of this Mortgage, whether in substitution for or in addition to those leases which are currently in effect.
- 10.7 Should the Mortgagee, in its absolute discretion, deem it advisable to take proceedings either judicial or extra-judicial by way of distress or otherwise for the enforcement of the payment of the rents assigned herein, the

Mortgagor will join with the Mortgagee in such proceedings and does hereby grant to the Mortgagee irrevocable authority to join the Mortgagor in such proceedings.

- 10.8 Any monies received by the Mortgagor from the tenants of the Lands shall, unless otherwise permitted in writing by the Mortgagee, be held by the Mortgagor in trust for the Mortgagee, and shall be paid to the Mortgagee on demand.

11. Prepayment

- 11.1 Save as set out below, the Mortgagor shall have no right to prepay the Principal or make payments otherwise than in accordance with this Mortgage. This Part does not apply to Advances under Part 8, and no prepayment may be made of an Advance unless expressly permitted in the Request Form.

- 11.2 The prepayment privileges set forth below are not cumulative and any prepayment shall be in addition to the obligation of the Mortgagor to pay the regular monthly instalments of the Payment Amount at the times and in the manner set out in this Mortgage, including the payments set out in the Request Form.

- 11.3 If the Mortgagor is not in default under this Mortgage, the Mortgagor shall have the privilege of prepaying a portion of the Principal on any Anniversary Date in accordance with either of the following provisions:

- 11.3.1 by paying on the Anniversary Date an additional amount of principal not in excess of 20% of the Principal, accompanied by an administration fee of \$25.00; or

- 11.3.2 by increasing for a period of one year after such Anniversary Date the amount of the Payment Amount by the Excess Payment, and the Excess Payment shall be made in addition to and concurrently with each of the regular monthly instalments commencing on any Anniversary Date and monthly thereafter for eleven consecutive months, accompanied by an administration fee of \$25.00 with the first such Excess Payment.

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- 11.4 If the Mortgagor is not in default under this Mortgage, the Mortgagor shall have the privilege of prepaying the whole of the Principal owing, or any part thereof, at any time upon payment in each instance of interest at the Mortgage Rate accrued to the Prepayment Date and also upon payment (as a bonus and not as a penalty) of the greater of:

- 11.4.1 three months' interest at the Mortgage Rate; and

- 11.4.2 if the Posted Rate exceeds the Current Rate, an amount equal to the Differential Rate for the number of days in the period commencing on the day after the Prepayment Date and ending on the Balance Due Date;

in each case calculated in accordance with the terms of this Mortgage on the amount of the principal prepaid.

- 11.5 If this Mortgage is insured by Canada Mortgage and House Corporation, the following prepayment privileges shall apply:

- 11.5.1 if the Mortgagor is not in default under this Mortgage, the Mortgagor shall have the privilege of paying an additional amount on account of principal, not in excess of 10% of the original amount of this Mortgage, on the first anniversary of the Interest Adjustment Date, if no date is specified therein, the first anniversary of the date specified in paragraph 5(b) of Part 1 of the mortgage and a similar amount on account of Principal on the second anniversary of the said date, upon payment, by way of bonus, of three months' interest on the amount of any such additional payment, it being agreed that such privilege shall not be cumulative;

- 11.5.2 on the third anniversary of the Interest Adjustment Date and on any monthly instalment date thereafter, the Mortgagor, when not in default hereunder, shall have the privilege of paying the whole amount owing hereunder, or any part thereof, upon payment by way of bonus, of three months' interest on the amount of any such additional payment;

- 11.5.3 provided, however, that if this Mortgage covers a rental housing project, as defined in the **National Housing Act** (Canada), the foregoing additional payment privileges shall not apply, but the Mortgagor, when not in

default hereunder, shall have the privilege of paying, on the fifth anniversary of the Interest Adjustment Date, or on any monthly instalment date thereafter, the whole amount owing hereunder, upon payment, by way of bonus, of three months' interest on the principal amount then outstanding; and

- 11.5.4 provided that when any partial additional payments are made the amount thereof shall be equal to the sum of the principal portions of a number of consecutive monthly instalments which would otherwise become due hereunder next following the date upon which such additional payment is made, and the payment dates of all remaining instalments and of the balance owing hereunder shall be accelerated so that the Mortgagor shall pay the aforesaid monthly instalment in each and every month, commencing with the month immediately following the month in which the additional payment is made and continuing until all money owing hereunder shall have been fully repaid.

12. Leasehold Mortgage

- 12.1 If the Lands comprise the interest of the Mortgagor in and to a lease, agreement to lease, tenancy, right of use or occupation or licence of the Lands (all of which are collectively referred to as the "Lease"):

12.1.1 the charge created by this Mortgage shall include the unexpired term of the Lease and any renewal thereof from the date of this Mortgage, excepting only the last day thereof, and the mortgage and charge created hereby shall be by way of sub-demise;

12.1.2 the Mortgagor will stand possessed of last day of the term or any renewal term of the Lease in trust for the Mortgagee, and will sell and assign the last day of the term or any renewal term as the Mortgagee may direct, but subject to the same right of redemption and other rights as are hereby given to the Mortgagor with respect to the derivative term hereby granted. In the event of any sale or assignment by the Mortgagee as contemplated by this Mortgage, the Mortgagor will hold the said last day in trust for the purchaser and the purchaser's heirs, executors, administrators, successors and assigns. Nothing in this Part nor the acts of the Mortgagor or Mortgagee contemplated by this Part shall constitute the Mortgagee as a mortgagee in possession;

12.1.3 the charge created by this Mortgage shall not become effective until, but shall become effective immediately when, all consents necessary for the validity and effectiveness of this Mortgage have been obtained or have become unnecessary;

12.1.4 the Mortgagor releases to the Mortgagee all its claim upon the Lease, and assigns to the Mortgagee the full benefit of all covenants, rights, powers and conditions contained in the Lease, subject to the redemption provision contained in Paragraph 4.1 of this Mortgage;

12.1.5 the Mortgagor represents, warrants, covenants and agrees that:

- (a) the Mortgagor shall pay the rent reserved by the Lease and shall observe and comply with each and every covenant, agreement, condition and proviso contained in the Lease and shall not be guilty of any acts or default which may cause the Lease to be forfeited or determined and hereby agrees to keep the Mortgagee indemnified against all actions, claims and demands whatsoever in respect of the said rent and covenants or anything related to them;
- (b) the Lease is a valid and subsisting lease and the Mortgagor has done no act nor been guilty of any omission or laches whereby the Lease has become in any way impaired or invalid;
- (c) the Mortgagor has a good and valid right to assign and sublet the Lease to the Mortgagee and has obtained the consent of the lessor to this Mortgage to the extent required under the Lease;
- (d) it shall execute any further assurances of its interest in the Lands and the Lease as may be required;
- (e) any officer of the Mortgagee designated by it shall be the Mortgagor's attorney during the continuance of this Mortgage for the purpose of executing any document or doing any act or thing which the Mortgagee is permitted or the Mortgagor is permitted or required to execute or do under the provisions of the Lease;

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(f) the Mortgagor shall not, during the continuance of this Mortgage, surrender or terminate the Lease, permit any amendment of the terms of the Lease or otherwise deal with or assign the Lease or the immediate reversion thereof other than under this Mortgage;

(g) the Mortgagor shall not allow any options (to renew, or otherwise) or any rights of first refusal under the Lease to lapse;

(h) any default under the Lease shall be deemed to be a default under this Mortgage; and

12.1.6 Any reference in this Mortgage to any charges payable in respect of the Lands shall include all taxes, assessments, rates, costs or charges of whatever kind payable by the Mortgagor under the Lease.

THE FOLLOWING PARAGRAPH APPLIES ONLY IF A COVENANTOR HAS EXECUTED THIS MORTGAGE.

13. Covenantor

13.1 In consideration of the sum of One Dollar (1.00) now paid by the Mortgagee to the Covenantor, receipt of which is hereby acknowledged, and in consideration of the Mortgagee advancing the Principal, or any portion thereof and any Advances, the Covenantor does hereby covenant, promise and agree with the Mortgagee, its successors and assigns as follows:

13.1.1 the Covenantor shall pay, or cause to be paid, the Principal and Interest and all other monies hereby secured;

13.1.2 the Covenantor hereby adopts and agrees with the Mortgagee to perform and observe each and every covenant and proviso agreed to be performed and observed by the Mortgagor;

13.1.3 the Covenantor further covenants and agrees with the Mortgagee that the Covenantor's liability hereunder shall not be affected by any partial release of this Mortgage or the release or partial release of any or all collateral or other securities (if any) held by the Mortgagee, or by the Mortgagee releasing any person, firm or corporation under any covenant or liability under or with respect to this Mortgage, or by the extension of time for payment, or by any indulgence or waiver given by the Mortgagee with respect to this Mortgage, or the taking of any note or other obligation for the payment of the Principal and Interest, or by the Mortgagee taking or failing to take any security whatsoever for such payment or by any act whatsoever of the Mortgagee, done with or without notice to the Covenantor;

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13.1.4 the Mortgagee shall not be bound to exhaust its recourse against the Mortgagor or other parties or other security it may hold before being entitled to payment from the Covenantor of the amounts hereby secured;

13.1.5 if this Mortgage is executed by two or more persons comprising the Covenantor, all covenants and liabilities entered into or imposed upon the Covenantor shall be deemed to be joint and several obligations of each of such persons.

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