

MORTGAGE Form 11.4

District of _____ Mortgage Encumbrance Mortgage of Mortgage/Encumbrance
 ESTATE AFFECTED Freehold Leasehold

IMPORTANT NOTICE: The Mortgage Act provides that the Mortgagor can obtain free of charge, from the mortgagee, a statement of the debts secured by this mortgage once every twelve months, or as needed for pay off or sale.

1. **MORTGAGOR/GRANTOR OF ENCUMBRANCE (Encumbrancee)** *include address and postal code*

COVENANTOR (if any) *include address and postal code* see schedule

2. **LAND DESCRIPTION**

TITLE NUMBER(S) _____ MORTGAGE/ENCUMBRANCE NUMBER(S) _____ see schedule

3. **MORTGAGEE/ENCUMBRANCER** *include address and postal code*

see schedule

4. **NAME AND ADDRESS OF MORTGAGEE/ENCUMBRANCER FOR SERVICE** *include postal code*
 SAME AS ABOVE OR

see schedule

5. **TERMS**
 The following terms are incorporated herein:
 (a) Standard Charge Mortgage Terms filed as Number 2742087 name Scotia Mortgage Corporation
 (b) The terms attached hereto as schedule(s) (Variable Rate Mortgage)
 In this instrument, unless otherwise specified, "herein" means this instrument, all schedules to this instrument and the terms referred to in Box 5.
 Where there is insufficient space in this form for all signatures, one or more Mortgagors may sign the schedule identified in Box 7 and attached hereto and/or one or more Covenantors may sign the schedule identified in Box 9 and attached hereto, and such signature or signatures shall bind and obligate the person or persons so signing to the terms herein in the same manner as if such person or persons had signed this form.

6. **PAYMENT PROVISIONS** see schedule A

(a) Principal Amount \$				(b) Interest Rate ^{see} <u>schedule</u> % per annum	(c) Calculation Period	monthly not in advance			
(d) Interest Adjustment Date	Y	M	D	(e) Payment Date and Period	first day of each month	(f) First Payment Date	Y	M	D
(g) Last Payment Date	Y	M	D	(h) Amount of Each Payment Dollars \$					
(i) Balance Due Date	Y	M	D	Guarantee Mortgage <input type="checkbox"/>					

Additional Provisions _____ see schedule A

LTO USE ONLY

FEES CHECKED	REFUND AMOUNT
<p style="text-align: center;">Certificate of Registration</p> <p>Registered this date _____ as No. _____</p> <p>I certify that the within instrument was registered in the _____ Land Titles Office and entered on Title No. _____</p> <p>_____ For District Registrar</p>	MORTGAGE

Additional Information

Variable Rate Mortgage

SCHEDULE A
THE REAL PROPERTY ACT

All words that are defined in the set of standard charge mortgage terms referred to in box 5 of the attached Mortgage have the same meaning when used in this Schedule.

(1) Payment Provisions (Box 6)
Interest Rate (Box 6(b))

The interest rate payable on the loan amount is our Variable Rate Mortgage (VRM) Base Rate with a variance of _____% per annum. At the time of the signing of the mortgage, the VRM Base Rate is _____% per annum and the interest rate payable on the loan amount (Base Rate plus/minus the number of percentage points set out above) is _____% per annum calculated monthly not in advance which is equivalent to _____% per annum calculated half-yearly not in advance. If this is a Variable Rate Mortgage with a Cap Rate, the maximum interest rate payable by you on the loan at any time during the term will be _____% per annum calculated monthly not in advance.

(2) Additional Provisions (Box 6)

If this is a Variable Rate Mortgage without a Cap Rate, we may require you to pay all the money that you owe us under the mortgage immediately whenever the total of the loan amount and all amounts secured by a mortgage, change, lien or other encumbrance against your property ranking equal or in priority to the mortgage exceeds \$ _____.

(3) Land (Box 2)

This Schedule forms part of a mortgage from _____ to
SCOTIA MORTGAGE CORPORATION, Dated this _____
DAY/MONTH/YEAR.

(MORTGAGOR)

(MORTGAGOR)

NOTE: The Mortgagor(s) and/or the Covenantor(s) must sign the first page and initial each and every subsequent page of this schedule.

AFFIDAVIT OF SUBSCRIBING WITNESS

I,
of the _____ of _____, in
_____, make oath and say:

I am a subscribing witness to the attached instrument and I was present and saw it executed
at _____
by _____

I verily believe that each person whose signature I witnessed is of full age of majority and is the party
of the same name referred to in the instrument.

SWORN before me at the

of _____, in

this _____ day of _____.
MONTH/YEAR

A Commissioner for Oaths, etc.

**THE REAL PROPERTY ACT
STANDARD CHARGE MORTGAGE TERMS**

Filled by: SCOTIA MORTGAGE CORPORATION

Filing Date: July 10, 2002

Filing Name: Scotia Mortgage Corporation (Variable Rate Mortgage)

Filing Number: 2742087

VARIABLE RATE MORTGAGE

The following set of Standard Charge Mortgage Terms shall be deemed to be included in every mortgage in which this set is referred to by its filing name and filing number of registration, as provided in Section 96 of the above Act.

1. DEFINITIONS

In this set of standard charge mortgage terms, **mortgage** means a Mortgage (Form 11.3) in which the set is referred to by its filing number, any schedules attached to it and this set of standard charge terms. **You** and **your** mean each person who signs the mortgage as mortgagor or covenantor. **We, our** and **us** mean Scotia Mortgage Corporation, the mortgagee. **Your property** means the land described in box 2, all buildings now or later on it and anything now or later attached or fixed to the buildings or the land, including additions, alterations and improvements. **Principal amount** means the amount specified in box 6. **Loan amount** means the outstanding balance of all amounts (including interest) owing to us from time to time under the mortgage, as amended from time to time.

Any reference to a box in this set of standard charge mortgage terms refers to a box on Form 11.3 (including anything set out in a schedule to Form 11.3 which deals with the subject-matter of that box) and any reference to signing the mortgage means signing Form 11.3 or a schedule to it. References to paragraphs refer to paragraphs of this set to standard charge mortgage terms.

If this is a CMHC - insured mortgage, it is made pursuant to the **National Housing Act**.

2. WHAT THIS MORTGAGE DOES

By signing the mortgage you have mortgaged your property to us and our successors and assigns (called our **legal representatives**) as security for repayment of the loan amount and the performance of all of your obligations under the mortgage. This means you have mortgaged your entire interest in your property to us and to anyone to whom the mortgage is transferred in any way.

If you are owner of a leasehold estate in your property, you grant, assign and mortgage your entire interest in your property (including any option to purchase) to us and our legal representatives and to anyone to whom we transfer that interest for the entire term of the lease, as security for repayment of your loan amount and the performance of all of your obligations under the mortgage.

Termination of the Mortgage – Our interest in your property terminates when you have:

- Repaid the loan amount as provided in the mortgage; and
- Complied with all of your other obligations under the mortgage.

3. INTEREST

A. Interest Rate

The interest rate payable by you on the loan amount is a variable rate, expressed as a rate per annum, equal to our Variable Rate Mortgage (VRM) Base Rate plus/minus the number of percentage points per annum specified in box 6(b). Our Variable Rate Mortgage Base Rate is set on the first of each month equal to the Prime Rate of The Bank of Nova Scotia on that day.

Interest is calculated monthly not in advance. Interest at this variable rate is payable on the loan amount both before and after the final payment date, default and judgment. The interest rate will vary automatically. If The Bank of Nova Scotia Prime Rate changed during the month, your interest rate will not change until the first day of the following month. Wherever the mortgage refers to the interest rate payable on the loan amount, that expression means the VRM Base Rate plus/minus the number of percentage points per annum specified on the schedule and payable as set out above.

The principal amount secured by the mortgage is specified in box 6(a). The VRM Base Rate and the interest rate payable on the loan amount at the time the first person signs the mortgage (as set out in box 7) will remain in effect after you have signed the mortgage until they are varied as provided under this paragraph 3A. Paragraph 28 of this set of standard charge mortgage terms sets out interest rates calculated half-yearly not in advance which are equivalent to interest rates calculated monthly not in advance.

For CMHC insured mortgages: After an increase in the interest rate payable on the loan amount you may prepay the money owing under the mortgage without notice or bonus or administration fee on the following terms. First, your prepayment must include all the money you owe us under the mortgage, except that the interest from the effective date of the increase to the date of the prepayment will be calculated at the interest rate payable on the loan amount immediately before the increase. Secondly, the prepayment must be made within 21 days after the effective date of the increase. If you do not make the prepayment within that period, you will be bound by the increase.

B. How You Can Ascertain the Interest Rate

After each VRM Base Rate change, we will mail a notice showing your new interest rate and the date it became effective. The notice will be sent to your last known address shown in our records. However, our failure to mail a notice or the fact that you do not receive it will not prevent the rate from varying under paragraph 3A. The VRM Base Rate in effect at any time will be available at any branch of The Bank of Nova Scotia in Canada.

3. Cont.**C. Compound Interest**

If on any monthly loan payment date you do not make the payment due on that day, we will charge you interest on any overdue portion of the loan amount (including interest) until paid to us. This is called compound interest. We will also charge interest, at the rate payable on the loan amount, on compound interest that is overdue until paid to us, both before and after the final payment date, as well as both before and after default and judgement. Compound interest shall be paid periodically at intervals (called rests) that are the same as your monthly loan payment dates.

D. Deferred Interest

If the interest that has accrued on the loan amount from one monthly loan payment date (or, in the case of the first payment, from the interest adjustment date) to the next monthly loan payment date exceeds the monthly loan payment, the excess (called deferred interest) will bear interest at the interest rate payable on the loan amount. On the next monthly loan payment date the interest on the deferred interest will be added to the deferred interest and become part of it. If the deferred interest is not paid on that monthly loan payment date, it will bear interest at the interest rate payable on the loan amount and that interest will be added to the deferred interest on the next monthly loan payment, and so on. The intervals at which deferred interest are called rests.

4. HOW YOU WILL REPAY YOUR LOAN**A. Currency and Place of Payment**

You shall repay the loan amount to us in Canadian dollars. Your regular monthly loan payments and all other payments will be made at the Branch address set out in box 3, or at any other place we may designate and are payable as follows:

B. Interest Payable Prior to and On Interest Adjustment Date

Before your regular monthly loan payments begin you will pay us interest, at the rate payable on the loan amount, on all money we have advanced to you up to the interest adjustment date specified in box 6(d) or, at our option such interest will be deducted from subsequent advances. Interest will be computed from the date of each advance and will become due and payable in monthly instalments on the first day of the next month following the date of each advance and on the first day of each and every month thereafter. The balance, if any, of such interest on advances (computed by excluding the interest adjustment date from the calculation) shall become due and be paid on the interest adjustment date.

C. Payments After the Interest Adjustment Date

The principal amount together with interest calculated from the interest adjustment date shall become due and be paid by you in regular monthly loan payments.

You will make your regular monthly loan payments to us in equal instalments in the amount specified in box 6(h) beginning on the date specified in box 6(f) and continuing on the **FIRST** day of each and every following month and ending on the date specified in box 6(g). Each date that you are required to make a monthly payment is called a monthly loan payment date.

You will pay the balance of the principal amount together with all the interest that is due and payable on the date specified in box 6(i) (which is the same as the date specified in box 6(g) and called the last payment date).

D. Application of Monthly Loan Payments

Each monthly loan payment will be used,

■ **first**, to pay or reduce the interest (other than deferred interest) that has accrued on the loan amount from (and including) the previous monthly loan payment date to (but excluding) the monthly loan payment date on which the payment is made (if the payment is the first monthly loan payment, the interest will be the interest that has accrued from the interest adjustment date);

■ **secondly**, if any of the payment remains, to pay or reduce deferred interest, if any; and

■ **thirdly**, if any of the payment remains, to reduce the principal amount outstanding.

Paragraph 27 of this set of standard charge mortgage terms sets out a method of calculating the interest payable under the mortgage, to help you to determine how much of each monthly loan payment is interest and how much, if any, is principal.

E. Early Payment On Sale or Mortgage

We may require you to pay all the money that you owe us under the mortgage immediately if you sell, transfer, mortgage or charge your property. This provision does not apply to a sale, transfer, mortgage or charge to which we have given our prior written consent.

F. Prepayments

Paying off a mortgage before the maturity date

You may pay off some, or the entire mortgage early, based on the type of mortgage you have. If we later agree to change or extend the terms of the loan, these prepayment conditions do not apply to the new or extended term.

Miss a Payment® Option

You may miss any scheduled payment, as long as you have prepaid an amount equal to the amount of the payments you intend to miss in this term and your mortgage is not in default. You cannot however, miss your mortgage credit insurance premium, if applicable. Extra payments or prepayments may not be used to miss a payment if this mortgage is assumed by a subsequent purchaser.

Continuing Liability

Unless you prepay the balance of the principal amount owing, you must continue to make your regular monthly loan payments.

If your mortgage does not provide for a Cap Rate

If your mortgage does not provide for a Cap Rate and your mortgage payments are up to date, you can pay off some, or the entire principal amount owing, on any regular payment date. If you pay off the entire principal amount owing you must pay an administration fee of \$100 for each year or part of a year remaining in the term.

If your mortgage provides for a Cap Rate

If your mortgage provides for a Cap Rate and all your mortgage payments are up to date, you may increase your payments, or pay off some of your mortgage early in one of the three ways listed in the following chart. These options apply to partial prepayments only. The options are available each year and cannot be saved to use in a later year. Each year is defined as the 12 month period starting on the IAD or the anniversary of that date.

PREPAYMENT OPTIONS		
How	When	What it Means
1. *by paying an extra regular mortgage payment (principal, interest and taxes)	on any regular payment date during the year	your principal mortgage amount will be reduced by that amount
2. *by paying up to 15% of the original principal amount of your mortgage	at any time, sum total not to exceed the yearly maximum	
3. by increasing your regular monthly mortgage payment by up to 15% of the principal and interest payment set for the term of the mortgage	once each year of the term of your mortgage	

*Only items 1 & 2 qualify for the Miss a Payment option.

Prepayment Costs

When you prepay some, or the entire principal of your mortgage, you will incur prepayment costs unless the partial prepayment is in accordance with the prepayment options chart.

The cost to pay off some, or the entire principal amount of your mortgage early is 3 months' interest costs. The interest rate used to calculate the 3 months interest is the Cap Rate.

Cashback – If you receive a cashback with your mortgage:

The cashback amount will be repayable to us if the mortgage loan does not remain outstanding with us for the full term. If the mortgage is paid out, transferred or renewed, prior to the expiry of the original term, the cashback amount will appear as payable in any discharge statement and will be calculated on an even prorated basis as per the following example involving a 3 year term:

- 100% of cashback amount if payout/renewal is within the first year of the 3 year term.
- 66% of cashback amount if payout/renewal is within the second year of the 3 year term.
- 33% of cashback amount if payout/renewal is within the third year of the 3 year term.

G. Amounts Covered by Mortgage

All amounts payable by you to us under the mortgage are secured by this mortgage and are a charge on your property.

5. YOUR TITLE TO YOUR PROPERTY

A. AS OWNER OF AN ESTATE IN FEE SIMPLE IN YOUR PROPERTY, you certify that:

- i) You are the lawful owner of your property;
- ii) You have the right to mortgage your property to us;
- iii) There are no encumbrances on the title to your property except as disclosed in the MEMORANDUM OF ENCUMBRANCES, LIENS AND INTERESTS; and
- iv) There are no limitations or restrictions on your title to your property except building by-laws, zoning regulations and registered restrictions.

This paragraph A applies unless you have advised us in writing that you are a tenant of your property under a lease, in which case paragraph B applies.

B. IF YOU ARE OWNER OF A LEASEHOLD ESTATE IN YOUR PROPERTY,

- i) You certify that:
 - a) The property is leased to you, and your legal or personal representatives under a lease, a copy of which you have provided to us.
 - b) The lease is a binding and existing lease and all information you have provided to us concerning it is true;
 - c) All rents payable under the lease have been paid to the date you sign the mortgage;
 - d) You will pay the rent as it falls due, and comply with all terms of the lease;
 - e) You have permission to or the right to assign and mortgage the lease;
 - f) Except as expressed in the lease, there are no limitations, restrictions or encumbrances on your interest under the lease other than building by-laws, zoning regulations and registered restrictions.
- ii) You promise:
 - a) To pay the rent as it falls due;
 - b) To comply with all other terms of the lease and not to do anything that would cause the lease to be terminated;
 - c) Not to surrender the lease;
 - d) Not to make any change in the lease without first obtaining our written consent;
 - e) To give us a true copy of any notice or request you receive concerning the lease;
 - f) To notify us immediately if your landlord advises you of early termination or takes any steps to effect early termination of the lease.

C. You will not do anything that will interfere with our interest in your property.

D. In order to ensure that your entire interest in your property is mortgaged to us you will sign any other documents or do anything further that we think necessary.

6. USE OF YOUR PROPERTY

You will not make any additions, alterations or improvements to your property or use your property for any business purpose without our prior written consent.

You may continue to remain in possession of your property. However, if you default for one month in any of your obligations to us under this mortgage, we will have the right to take immediate possession.

7. WE ARE UNDER NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THIS MORTGAGE

If we decide, for any reason, that we do not wish to advance the entire principal amount or any part of it to you:

- We are not bound to advance the principal amount or any part of it to you, even though the mortgage is prepared, signed or registered and whether or not any part of the principal amount has already been advanced. However, by signing the mortgage, you mortgage all of your interest in your property to us. You will reimburse us, on demand, for all our expenses of investigating the title to your property and preparing and registering the mortgage.
- Until we are reimbursed for our expenses they shall be a charge against your property and they will be added to the loan amount. If you do not pay our expenses, the terms for **Enforcing our Rights** shall apply.

8. TAXES

- A. You will make monthly tax payments to us on account of the property taxes payable on your property so that we may pay the taxes when they become due.
- B. We can deduct from the final advance of the principal amount enough money to pay all taxes due on or before the interest adjustment date and which have not been paid on the date the final advance is made.
- C. You will make monthly payments to us on account of taxes. These payments will be made on the same dates that your regular monthly loan payments are to be paid to us. Each monthly payment will consist of 1/12th of our estimate of a year's taxes next becoming due and payable. The monthly payments should enable us to pay all taxes on or before the annual due date for the taxes. Or, if your taxes are payable in instalments, the monthly payments should enable us to pay each and every instalment of taxes on your property on or before the date on which the first instalment is due.
- D. If, however, the annual due date or the first instalment date for the payment of your taxes is less than one year from the interest adjustment date, you will pay us equal monthly payments during that period and during the next 12 months. These equal monthly payments will be based on our estimate of the total taxes payable for both periods so that we will receive enough money from you to pay all taxes for both of those periods.
- E. You will also pay to us on demand any amount by which the actual taxes on your property exceed our estimate of your taxes. Or, at our option, we may increase the monthly payment to cover this amount.
- F. We will pay your taxes from the monthly payments we receive from you as long as you are not in default under the mortgage. We are not obliged to make tax payments on the due dates or more often than once a year. If you have not paid us enough for taxes, we may still pay the taxes. This will create a debit balance in your tax account. Any debit balance is immediately payable by you. Until paid, any debit balance will be added to the loan amount and will be a charge against your property. We are under no obligation to advise you that a debit balance has been created.
- G. We will pay you interest on any credit balance in your tax account. The interest we pay will not be less than that paid by The Bank of Nova Scotia ("the Bank") on savings-chequing accounts with the same credit balance. We will charge you interest on the debit balance in your tax account at the interest rate payable on the loan amount until the debit balance is paid to us in full.
- H. If you default in any loan payment, we may apply the money in your tax account towards the repayment of the loan amount.
- I. You will send us immediately upon their receipt, all assessment notices, tax bills or tax notices which you receive.

9. PAYMENTS WE CAN MAKE

We can pay off any liens, claims or encumbrances against your property which we consider to have priority over the mortgage. We can also pay all our expenses of collecting any payments not received from you when due. These expenses will include all our legal expenses on a solicitor and own client basis. You must immediately reimburse us at our request for the payment of all liens, claims or encumbrances against your property and our expenses all of which have been paid by us. Until paid, the payments will all be added to the loan amount and will be a charge against your property. Interest is payable by you on the payments made by us at the interest rate payable on the loan amount until they are paid to us in full. We may also exercise our right to collect the payments from you together with interest due and payable, under **Enforcing our Rights**.

If we pay off any liens, claims or encumbrances against your property, we will be entitled to all the rights, equities and securities of the person, company, corporation or Government so paid off.

10. TRANSFER OF LEASES AND RENTS

- A. If you have leased, or at a later date, lease all or part of your property to another person or persons, then, upon our written request, you will transfer and assign to us:
 - i) All leases, lease agreements and their renewals
 - ii) All rents and other money payable under the terms of all leases and agreements. However, we may allow you to receive the rents so long as there is no default by you in making your payments to us or in complying with your other obligations to us under the mortgage; and
 - iii) All rights under the leases and agreements as they affect your property.
- B. **In addition, you confirm that:**
 - i) You must obtain our prior written consent for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease);
 - ii) Nothing we do under this paragraph 10 shall put us in possession of your property;
 - iii) However, if you default under the mortgage, we have the right to take possession of your property in accordance with law; and
 - iv) We are not obligated to collect any rent or other income from your property nor to comply with any term of any lease or agreement.

11. INSURANCE

You will without delay insure, and keep insured, in our favour and until this mortgage is discharged, all buildings covered by the mortgage. (including those which will be built in the future both during construction and afterwards) against loss or damage by fire and other perils usually covered in fire insurance policies and against any other perils we request. Your policy must be in form satisfactory to us and must include extended perils coverage and a mortgage clause stating that loss is payable to us. You must keep the buildings insured for their replacement cost (the maximum amount for which the buildings can be insured) in Canadian dollars, by a company approved by us. If in our opinion, you do not provide adequate insurance we can obtain insurance for you. What we pay for this insurance will immediately become payable by you to us. Any premium paid by us may be added to the loan amount and will be a charge against your property. Interest is payable by you on the premiums paid by us at the interest rate payable on the loan amount until they are paid by you to us. You shall at our request transfer to us all insurance policies and receipts you have on the buildings and any proceeds from that insurance. At our request, you will give the insurance policies to us.

If you do not:

- Maintain insurance on the buildings that, in our opinion, complies with this paragraph;
- Deliver a copy of any insurance policy or receipt to us at our request, or
- Provide us with evidence at our request of any renewal or replacement of the insurance, at least fifteen full days before your insurance expires or is terminated,

we can, but are not obliged to, insure any of the buildings. What we pay for this insurance shall be added to the amount you owe under this mortgage and shall bear interest at the mortgage interest rate. You will pay this amount with your next monthly payment.

If any loss or damage occurs, you will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. The production of this mortgage will be sufficient authority for an insurance company to pay us any loss related to the insurance policy or to accept instructions from us dealing with the loss.

Insurance proceeds may, in whole or in part, at our option be:

- a) Applied to rebuild or repair the damaged buildings; or
- b) Paid to you; or
- c) Paid to any other person who owns or did own property as established by the registered title; or
- d) Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

This paragraph 11 does not apply (and paragraph 20 does apply) if your property is a condominium unit.

12. KEEPING YOUR PROPERTY IN GOOD CONDITION

You shall keep your property in good condition and make any repairs needed. You shall not do anything, or let anyone else do anything, that lowers the value of your property. We can inspect your property at any reasonable time. If, in our opinion, you:

- Do not keep your property in good condition; or
- Do or allow anything to be done that lowers the value of your property;

we can make any repairs we think are advisable. The costs of any inspections and any repairs are immediately payable by you. Until paid the costs will be added to the loan amount and will be a charge against your property. Interest is payable by you on these costs at the interest rate payable on the loan amount until the costs are paid to us in full.

13. ENVIRONMENTAL PROVISIONS

We (including, in this section, the Canada Mortgage and Housing Corporation if this is a CMHC-insured mortgage) may inspect your property and the buildings on it when we consider it appropriate. We may do this for any purpose but particularly to conduct environmental testing, site assessments, investigations or studies which we consider necessary. The costs of any testing, assessment or study will be payable by you and you will pay us the costs immediately after we give you notice of them. If you do not pay us when we request it, we can add the amounts to the outstanding balance under your mortgage and they will bear interest at your mortgage interest rate. If we do the things permitted under this section, we will not be considered to be in control of your property.

14. REPAYMENT OF LOAN AMOUNT ACCELERATED

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

- a) You default in making any regular monthly loan payment or any other payment you are obliged to pay us under the mortgage.
- b) You fail to comply with any of your obligations under the mortgage.
- c) Any lien is registered against your property or we receive written notice of any lien that is created as a result of unpaid property taxes, unpaid condominium maintenance fees, judgments or construction liens or other similar encumbrances.
- d) Your property is abandoned.
- e) Any buildings being erected or additions, alterations or improvements done on your property remain unfinished without work being done on them for 30 consecutive days.
- f) You do or allow anything to be done to lessen the value of your property.
- g) For a VRM without a Cap Rate, the loan balance ever exceeds 105% of the original advanced amount.

15. APPOINTING A RECEIVER TO RECEIVE INCOME

If you default in making your regular monthly loan payment or any other payment which you have agreed to make to us, or in complying with any of your obligations under the mortgage, we can, in writing, appoint a receiver (which includes a receiver and manager) to collect any income from your property. We can also, in writing, appoint a new receiver in place of any receiver appointed by us. The receiver is considered to be your agent and not ours and his defaults are considered to be solely your defaults.

The receiver has the right to:

- Use any available remedy (taken in your name or our name) to collect the income from your property;
- Take possession of your property or part of it; and

15. cont.

- Manage your property and maintain it in good condition.

From the income collected the receiver may:

- a) Retain a commission of 5% of the total money received or any higher rate permitted by a judge or other authorized officer.
- b) Retain enough money to pay disbursements spent on collecting the income.
- c) Pay all taxes, fire insurance premiums, expenses of keeping your property in good condition, interest on those payments and all other charges that have priority over the mortgage and interest on those charges.
- d) Pay us all interest that is due and payable under the mortgage and then pay us all or part of any other amount payable under the mortgage, whether it is due or not.

Nothing done by the receiver puts us in possession of your property or makes us accountable for any money except for money actually received by us.

16. ENFORCING OUR RIGHTS

- A.** If you default in making any regular monthly loan payments or any other payments that you are obliged to make to us under the terms of the mortgage we may enforce any one or more of the following remedies in any order:

- i) **Sue you** – We may take such action as is necessary to collect the unpaid balance of the loan amount and our expenses.
- ii) **Take possession of or lease your property** – If you default in making any payment for one month, we can take possession of your property and lease it on such terms and for whatever period we may decide upon up to any maximum period allowed by law.
- iii) **Power of sale** – If you default in making any payment for one month, we can on one month's notice given in the manner required by law apply to a district land titles registrar for an order permitting us to sell all or part of your property.
- iv) **Foreclose upon your property** – If you default in making any payment for six months, we may, after taking the steps required by law to sell your property, apply to foreclose your property. If we obtain a final order of foreclosure, your property will be law become our property.
- v) **Other** – We may take any other remedies available to us under Manitoba law.

We will use the net proceeds of the sale or lease after paying all our expenses concerning the taking, recovering or keeping possession of or the sale or lease of your property, to reduce any part of the loan amount. Any balance remaining after our claim and any other claims have been satisfied will be paid to you. If the amount we receive from the sale or lease of your property is less than what you owe us plus our expenses, you must pay us the difference.

You agree not to make any claim concerning the sale or lease of your property against anyone who buys or leases it from us, or anyone who buys or leases it after that time.

B. Default in your obligations including default in payment

If you default in any obligation included under the mortgage (including any default referred to in paragraph 14A.), we can enforce our above rights and we can enter on your property at any time, without the permission of any person, and make all essential arrangements that we consider necessary to:

- Inspect, lease, collect rents or manage your property; or
- Repair or put in order any building on your property; or
- Complete the construction of any building on your property.

We can also take whatever action is necessary to take possession, recover and keep possession of your property.

C. Our expenses

You will immediately pay all our expenses of enforcing our rights. Our expenses include our costs of taking or keeping possession of your property, an allowance for the time and services of our and/or the Bank's employees utilized in doing so, our legal fees on a solicitor and own client basis and all other costs related to protecting our interest under the mortgage. Until paid our expenses will be added to the loan amount and will be a charge against your property. Interest is payable by you on the payments made by us at the interest rate payable on the loan amount until our expenses are paid to us in full. These expenses can be deducted from the net proceeds of any sale or lease of your property. If the net proceeds from the sale or lease do not cover our expenses, you must pay us the difference immediately.

D. Sale of goods (Commercial mortgage only)

If you fail to:

- Make any payments to us when they are due; or
- Make any other payments that you are obliged to make to us under the mortgage;

we can distraint against your goods. This means we can take any goods on your property and sell them as permitted by Manitoba law. The net proceeds from the sale will be applied to reduce the loan amount. Taking this action does not put us in possession of your property nor make us accountable for any money except the money we actually receive.

E. Judgments

If we obtain a court judgment against you for your failure to comply with any of your obligations to us under the mortgage, the judgment will not result in a merger of the terms of the judgment with our other remedies or rights to enforce your other obligations under the mortgage. We will continue to be entitled to receive interest on the loan amount at the rate charged on the loan amount and at the same times as provided for in the mortgage. The rate of interest payable on any judgment shall be calculated and payable in the same way as interest is calculated under the mortgage and at the same interest rate paid on the loan amount until the judgment has been paid in full.

17. DELAY IN ENFORCEMENT OF OUR RIGHTS.

No delay or extension of time granted by us to you or any other person in exercising the enforcement of any of our rights under the mortgage nor any agreement referred to in paragraph 20 shall affect our rights to:

- a) Receive all payments you are obliged to make to us, when they are due and payable.
- b) Demand that you repay the loan amount and all interest which is due and payable, on any default by you.
- c) Have you comply with all of your obligations to us under this mortgage.
- d) Have any other person comply with the obligations that person has to us under the mortgage.

18. BUILDING MORTGAGE TERMS

If you are having any buildings or improvements constructed on your property you will have them constructed only according to plans and specifications approved in writing by us in advance. You must complete all such buildings or improvements as quickly as possible. We will make advances (part payments of the principal amount) to you based on the progress of the construction, until either completion and occupation or sale of your property. We will determine whether or not any advances will be made and when they will be made.

Interest on advances under a building mortgage – We shall require you to pay us interest at the rate payable on the loan amount on each advance of the principal amount which we make to you, from time to time. Interest will be computed from the date of each advance. It will be deducted from subsequent advances or it will be payable in monthly instalments due on the FIRST day of each month. The first monthly instalment of interest will be payable in the month following the month in which the first advance is made. Interest on all subsequent advances will be payable in the same way. Interest on all advances is due and must be paid to us up to the interest adjustment date.

19. RELEASING YOUR PROPERTY FROM THIS MORTGAGE

We may establish the terms for releasing our interest in all or part of your property, from the mortgage whether we receive value for our releases or not. This means making a provision for discharging or partially discharging your property. If we release part of your property at any time from this mortgage, the rest of your property will continue to secure the loan amount to us under the mortgage. We are only accountable for money actually received.

If your property is subdivided before our interest in your property comes to an end, this mortgage will be secured by each part into which your property is subdivided. This means that each part will secure repayment of the total amount you owe us, even if we release another part of your property from the mortgage.

If any part of the property, or any land adjoining the property, is taken by the exercise of any power of expropriation or similar power, the entire compensation which you may be entitled to receive shall, at our option, be applied to reduce the balance of the mortgage including any penalty, fee or interest to which we have a right under this mortgage or the relevant legislation.

We can release you or any guarantor, or any other person from performing any obligation contained in the mortgage or any other security document, without releasing any part of your property secured by the mortgage or any other security, and any other person from the obligations in the mortgage.

20. RENEWING OR OTHERWISE AMENDING THE MORTGAGE

We may from time to time enter into one or more written agreements with you (or with any one to whom your property is transferred) to amend the mortgage by extending the time for payment, renewing it or its term for further periods of time, changing the interest rate payable under the mortgage or otherwise altering the provisions of the mortgage. Whether or not there are any encumbrances on your property in addition to the mortgage at the time the agreement is entered into, it will not be necessary to register the agreement on title in order to retain priority for the mortgage, as amended, over any instrument registered after the mortgage. Any reference in this set of standard charge mortgage terms to the mortgage means the mortgage as amended by any such agreement or agreements.

21. CONDOMINIUM PROVISIONS

If your property is a condominium unit, you are also to comply with the provisions in this paragraph 21 in addition to all of the other provisions of the mortgage (except paragraph 11).

In this paragraph 21, The Condominium Act as amended or re-enacted is called the Act. Expressions used below which are the same as those in the Act have the same meaning as those in the Act, except that the expression condominium property has the same meaning as the word "property" in the Act.

- A.** You will comply with all of the obligations contained in the mortgage, except as they may be modified by the Act, the by-laws and rules of the condominium corporation (the corporation) concerning your property and by the provisions contained in this paragraph.
- B.** You will comply with the Act, the Condominium Declaration and by-laws and rules of the corporation.
- C.** You will provide us with proof of your compliance from time to time as we may request.
- D.** You will pay the common expenses for your property to the corporation on the due dates. Or, if we exercise our right to collect your contribution towards the common expenses from you, you will pay the same to us upon being so notified. We can accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due.
- E.** You will forward to us any notices, assessments, bylaws, rules and financial statements of the corporation.
- F.** You will provide us, on request, with any documents and information that you receive from the corporation or are entitled to receive.
- G.** You will maintain all improvements made to your unit and repair them after damage.
- H.** You will not do or [at anyone else do anything that lowers the value of your property.

I. Insurance

In addition to the insurance which the corporation must obtain, you must:

- i) Insure all improvements which you or previous owners have made to your unit;
- ii) Obtain insurance for those additional risks that we require;
- iii) Insure your common or other interest in buildings (whether presently existing or built in the future, both during construction and afterwards) which are part of the condominium property or assets of the corporation if the corporation fails to insure the buildings as required or if we require you to do so;
- iv) Assign your insurance policies to us and (as far as permitted by law) your interest in the policies held by the corporation;
- v) Provide us with proof that the required insurance is in force, as well as evidence of any renewal or replacement of the insurance, within fifteen full days before the insurance expires or is terminated.
- vi) Do all that is necessary to collect insurance proceeds. Each of your insurance policies (and those of the corporation) must comply with the following:
 - * Your property must be covered against destruction or damage by fire and other perils usually
 - * covered in fire insurance policies for the replacement cost (maximum amount for which it can be insured) in Canadian dollars;
 - We may stipulate the risks and perils which must be covered and what amounts you must insure for;
 - * We may approve the insurance company; and
 - * We may say what terms the policy must contain.

With respect to the corporation's insurance, we have the right to have the insurance proceeds used, as permitted by law, to repair or rebuild the buildings or to repay the loan amount in full or in part or both.

21. cont.

If you fail to insure your property as required in this paragraph, we can, but are not obliged to, obtain any insurance which you are required to obtain. What we pay for this insurance will immediately become payable by you to us. If any loss or damage occurs, you, on behalf of the condominium corporation and yourself, will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. You will seek to ensure the full compliance by the condominium corporation with its duties and obligations under the **Condominium Act** and the Declaration and By-Laws of the condominium corporation.

J. You Must Pay Certain Other Expenses

In addition to our other rights and remedies contained in the mortgage you will pay to us on demand, all our expenses in relation to:

- * Any by-law, resolution, rule or other matter (other than one for which only a vote of the majority present at the meeting is required);
- * The enforcement of our right to have the corporation or any owner comply with the Act, Condominium Declaration, by-laws and rules; and
- * Our exercising any voting rights we may have.

Where our expenses relate to other units as well as to your property, the amount you are required to pay will only be the expenses related to your property as we determine. All our expenses are immediately payable by you. Until paid our expenses will be added to the loan amount and will be a charge against your property. Interest is payable by you on our expenses at the interest rate payable on the loan amount until our expenses are paid in full to us.

K. Voting Rights

You irrevocably authorize us to exercise your rights under the Act to vote, consent and dissent. You also irrevocably authorize us to exercise your right to receive your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements.

If we do not exercise your rights, you may do so. But you will do so according to any instructions we may give you. Before making a demand or election you must obtain our prior written approval. You must do this even if we do not have the right as between ourselves and the corporation, and even if we had previously arranged for you to exercise that right.

Nothing done under this paragraph puts us in possession of your property. We are not liable for any action we may take in doing what you have authorized us to do or for any failure to act. We may at any time revoke any arrangement we make for you to do anything you have authorized us to do.

L. Our Additional Rights under the Mortgage

You authorize us to do the following:

- i) Inspect your property at any reasonable time.

- ii) Do any needed maintenance or repairs after damage.
- iii) Inspect the corporation's records.
- iv) Remedy any failure of yours to comply with the Act or the Condominium Declaration or the by-laws and rules of the corporation.

M. Repayment of your Mortgage may be Accelerated

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

- i) The corporation fails to comply with the Act, the Condominium Declaration and the by-laws and rules of the corporation;
- ii) The corporation fails to:
 - insure all the condominium units and common elements according to law and according to any additional requirements of ours;
 - insure its assets if we so require and according to our requirements;
 - provide us with proof that the insurance is in force, if we ask for it; or
 - do all that is necessary to collect insurance proceeds;
- iii) The corporation does not in our opinion manage the condominium property and assets in a careful way;
- iv) The corporation fails to keep the corporation's assets in good repair and working order;
- v) The corporation makes any substantial modification to the common elements or the corporation's assets without our approval;
- vi) There has been substantial damage and the owners have voted for termination of the condominium;
- vii) A sale of the condominium property or any part of the common elements is authorized;
- viii) A court makes an order that the government of the condominium property by the Act be terminated;
- ix) The condominium property ceases to be governed by the Act;
- x) You fail to comply with your obligations in this paragraph 21.

Our rights will not be affected by the fact that we voted for or consented to the above termination, sale or order or to the condominium property not being governed by the Act.

N. What we can do on Termination of the Corporation

If your property ceases to be governed by the Act:

- * All the terms of this mortgage apply to your interest in your property;
- * You authorize us to agree with anyone to a partition of the condominium property. We can also pay or receive money to ensure that the partition is equal. And, we can execute all documents and do all acts needed to carry out the partition;
- * Any money received by us (after payment of all our expenses) will be applied to reduce your loan amount.

22. DISCHARGE

When our interest in your property comes to an end, we will prepare for you a full release of our claim which is called a Discharge of Mortgage (the **Discharge**) or, if requested by you, an assignment of the mortgage. You will give us a reasonable time in which to prepare and sign either the Discharge or the assignment. You will pay our usual administrative fee for preparing, reviewing or signing either document and all legal and other expenses we incur in so doing. You will be responsible for registering and for the costs of registering any Discharge or assignment.

23. HEADINGS

Headings form no part of the mortgage. They are used so that parts of the mortgage can easily be referred to.

24. WHO IS BOUND BY YOUR MORTGAGE

You agree to observe and be bound by all of the terms and obligations contained in the mortgage. The mortgage will also be binding on your heirs, personal and legal representatives, successors or assigns, our successors, assigns or legal representatives and anyone else to whom you may transfer your property. This mortgage is binding on us and anyone to whom it may be transferred by us.

All persons who sign the mortgage as mortgagors and covenantors are collectively and individually (that is jointly and severally) bound to comply with all obligations under the mortgage.

25. STATEMENT

THE MORTGAGE ACT PROVIDES THAT YOU CAN OBTAIN FROM US, FREE OF CHARGE, A STATEMENT OF THE DEBTS SECURED BY THE MORTGAGE ONCE EVERY TWELVE MONTHS, OR AS NEEDED FOR PAYOFF OR SALE.

26. GUARANTEE

In this paragraph 26, **guarantor** means each person who signs the mortgage as covenantor. **Mortgagor** means the person or persons who sign the mortgage as mortgagor and **property** means the property charged by the mortgage.

In return for us making a loan to the mortgagor, the guarantor, by signing the mortgage, guarantees the mortgagor's payments (including interest, whether or not the interest rate is changed), and compliance with the mortgagor's other obligations, under the mortgage. Each guarantor agrees that, if the mortgagor defaults in making any payment or in performing any other obligation under the mortgage, the guarantor will pay us all of the unpaid payments and comply with all of the obligations which have not been complied with by the mortgagor. Each guarantor will be collectively and individually (that is, jointly and severally) responsible with the mortgagor and with one another (if more than one) for all obligations under the mortgage.

It is understood that we can without lessening the guarantor's liability and without obtaining the consent of or giving notice to the guarantor:

- Grant any extensions of time for payment and extensions of the term of the mortgage, including any renewals of the mortgage or its term for further periods of time;
- Increase the rate of interest payable under the mortgage, either during the initial term or in any subsequent renewal period;
- Release the whole or any part of the property from the mortgage or any other security;
- Otherwise deal with the mortgagor, any other person (including any guarantor), any security (including the mortgage) or the property, including releasing, realizing on or replacing any security we may hold;
- Waive any provision of the mortgage or change any of the terms of the mortgage at any time during the initial term of the mortgage or in any subsequent renewal period;

either before or after requiring payment from any person without affecting the guarantee. We may require payment from any guarantor without first trying to collect from the mortgagor or any other person (including any guarantor) or on any security (including the mortgage). Each guarantor's obligations shall be binding upon the guarantor's successors or personal representatives.

27. SAMPLE CALCULATION

Use this formula to calculate the interest on any amount for any period:

$$\text{(Principal)} \times \frac{\text{Interest Rate}}{100} \times \frac{\text{Number of days in that period}}{365 \text{ (or 366 in a leap year)}}$$

The amount on which you are calculating interest is called the principal and the interest rate is the interest rate payable on the loan amount under paragraph 3A of this mortgage.

Where this mortgage (including this paragraph) refer to interest from a date, that means interest from and including the date. Where this mortgage (including this paragraph) refer to interest to a date, that means interest to but excluding the date.

HERE IS AN EXAMPLE OF THE CALCULATION :

Assume that you wish to calculate the interest on \$50,000 from March 1 to April 1. Assume that the interest rate was 9% on March 1. Assume that the year is not a leap year.

In calculating the period from March 1 to April 1, include the first date but exclude the second date, so that the number of days is 31.

The formula for calculating the interest on the principal from March 1 to April 1 is :

$$\$50,000 \times \frac{9}{100} \times \frac{31}{365} = \$382.19$$

Assume that the \$50,000 in this example is the balance of the principal amount owing on March 1 and that nothing else is owing on that day. Assume that the monthly loan payment is \$500. The payment on April 1 is applied as provided under Clause 4D of this standard charge mortgage terms as follows:

To pay interest from March 1 to April 1	\$ 382.19
To reduce the loan amount	<u>\$ 117.81</u>
	\$ 500.00

On April 1, the principal amount would be reduced to \$49,882.19. This would be the principal in the calculation on May 1.

If the monthly loan payment had been only \$375, all of it would have been used to pay the interest and none to reduce the principal amount. The remaining interest of \$7.19 would have become deferred interest as provided under Clause 3D of this set of standard charge mortgage terms. On May 1 interest would have been calculated on both the loan amount of \$50,000 and the deferred interest of \$7.19.

28. EQUIVALENT RATES

The interest rate payable on the loan amount under the mortgage is calculated monthly not in advance. The table below sets out what would be the equivalent interest rate if the interest rate were calculated half-yearly not in advance.

Interest Rate per annum calculated monthly not in advance (%)	Equivalent Interest Rate per annum calculated half-yearly not in advance (%)	Interest Rate per annum calculated monthly not in advance (%)	Equivalent Interest Rate per annum calculated half-yearly not in advance (%)
2.0000	2.00835	11.125	11.38605
2.1250	2.13443	11.250	11.51699
2.2500	2.26057	11.375	11.64800
2.3750	2.38678	11.500	11.77907
2.5000	2.51306	11.625	11.91021
2.6250	2.63940	11.750	12.04141
2.7500	2.76580	11.875	12.17269
2.8750	2.89228	12.000	12.30403
3.000	3.01881	12.125	12.43544
3.125	3.14542	12.250	12.56692
3.250	3.27208	12.375	12.69846
3.375	3.39882	12.500	12.83008
3.500	3.52562	12.625	12.96176
3.625	3.65249	12.750	13.09351
3.750	3.77942	12.875	13.22533
3.875	3.90642	13.000	13.35721
4.000	4.03348	13.125	13.48916
4.125	4.16061	13.250	13.62118
4.250	4.28781	13.375	13.75327
4.375	4.41507	13.500	13.88543
4.500	4.54240	13.625	14.01766
4.625	4.66979	13.750	14.14995
4.750	4.79725	13.875	14.28231
4.875	4.92478	14.000	14.41474
5.000	5.05237	14.125	14.54724
5.125	5.18003	14.250	14.67981
5.250	5.30776	14.375	14.81244
5.375	5.43555	14.500	14.94514
5.500	5.56341	14.625	15.07791
5.625	5.69133	14.750	15.21075
5.750	5.81932	14.875	15.34366
5.875	5.94738	15.000	15.47664
6.000	6.07550	15.125	15.60968
6.125	6.20369	15.250	15.74279
6.250	6.33195	15.375	15.87597
6.375	6.46027	15.500	16.00922
6.500	6.58866	15.625	16.14254
6.625	6.71711	15.750	16.27593
6.750	6.84564	15.875	16.40939
6.875	6.97423	16.000	16.54291
7.000	7.10288	16.125	16.67650
7.125	7.23160	16.250	16.81016
7.250	7.36039	16.375	16.94389
7.375	7.48925	16.500	17.07769
7.500	7.61817	16.625	17.21156
7.625	7.74716	16.750	17.34550
7.750	7.87621	16.875	17.47950
7.875	8.00534	17.000	17.61358
8.000	8.13452	17.125	17.74772
8.125	8.26378	17.250	17.88193
8.250	8.39310	17.375	18.01621
8.375	8.52249	17.500	18.15056
8.500	8.65195	17.625	18.28498
8.625	8.78147	17.750	18.41947
8.750	8.91106	17.875	18.55403
8.875	9.04072	18.000	18.68865
9.000	9.17045	18.125	18.82335
9.125	9.30024	18.250	18.95811
9.250	9.43010	18.375	19.09295
9.375	9.56002	18.500	19.22785
9.500	9.69002	18.625	19.36282
9.625	9.82008	18.750	19.49786
9.750	9.95021	18.875	19.63297
9.875	10.08040	19.000	19.76815
10.000	10.21066	19.125	19.90340
10.125	10.34099	19.250	20.03872
10.250	10.47139	19.375	20.17411
10.375	10.60185	19.500	20.30956
10.500	10.73238	19.625	20.44509
10.625	10.86298	19.750	20.58068
10.750	10.99365	19.875	20.71635
10.875	11.12438	20.000	20.85208
11.000	11.25519		