

ON THIS _____ day of _____, _____,

BEFORE MTRE.

the undersigned Notary for the Province of Québec, practicing in the

CAME AND APPEARED:

Scotia Mortgage Corporation, a loan company constituted under the Trust and Loan Companies Act (Canada), having its head office at

44 King Street West, Toronto, ON M5H 1H1 and a place of business in Québec at

represented by

its

according to a resolution of the Board of Directors (the lender)

The Lender's notice of address has been registered in the Land Register under the number

AND:

(the borrower)

In this document:

- you and your mean each person who has signed or is bound by this hypothec as debtor (the borrower) including your successors and assigns
- we, our, and us mean Scotia Mortgage Corporation (the lender), including our successors and assigns
- Scotiabank means The Bank of Nova Scotia
- the headings have been inserted for reference only
- default means you have not complied with any one or more of your obligations contained in this document
- Civil Code means the Civil Code of Québec
- all amounts payable to us must be paid in Canadian dollars at the address indicated to you in writing
- CMHC-insured mortgages are made according to the National Housing Act and any legislation related to that Act.

The parties agree as follows:

Document details

D1 Loan amount

We agree to loan you

dollars

(\$) in one or more advances.

Even if we have not yet advanced the funds or we are even obliged to advance the funds, this hypothec is effective from the date it is created.

D2 Interest and payments on the loan

- a) You agree that interest payable by you is our variable rate mortgage (VRM) base rate, with a variance of % per year. Our VRM base rate varies from time to time as the prime rate of Scotiabank varies. Your interest rate will vary automatically on the day Scotiabank's prime rate changes.
- b) Interest is calculated semi-annually, not in advance, and is payable monthly on the loan amount, both before and after the final payment date, default and judgment. Wherever this agreement mentions the interest rate, it means this variable rate calculated as set out in section D2a.
- c) On the day you sign this agreement, the VRM base rate is % per year, and the interest rate payable (VRM base rate plus or minus the percentage points set out above) is % per year, calculated semi-annually not in advance. This interest rate will remain in effect until it changes as provided in this agreement.
- d) After each VRM base rate change, we will advise you in writing of the new interest rate and effective date, mailed to your last known address in our records. However, if we fail to mail a notice or you do not receive it, this will not prevent the rate from varying. The VRM base rate in effect at any time is available at any Scotiabank branch in Canada or on our website at www.scotiabank.com.
- e) Compound interest at the rate set out above is charged on any interest that is not paid when due. The rate for compound interest is that payable on the loan amount both before and after the final payment date, default and judgment. Compound interest will be paid at the same intervals as your monthly loan payment dates.

If you do not make a monthly loan payment on the payment date, we will charge interest:

- on any overdue interest until paid (compound interest)
- on overdue compound interest until paid.

- f) You agree to repay the loan amount, with interest at the interest rate as follows:
 - i) Before your regular monthly loan payments begin, you will pay us interest on all amounts we have advanced to you. The interest is calculated semi-annually, not in advance at the interest rate payable on the loan amount.
 - ii) If there is more than one month from the advance date to the first payment due date, you will owe interest for the period, separately. At our option, that interest will be due and payable:
 - a) one month before the first payment due date, or
 - b) on the first payment due date, or
 - c) it may be deducted from subsequent advances.

We may also require you to pay this interest monthly, before the first payment due date is set.

- g) In this agreement the interest adjustment date (also referred to as the term start date) is the day of , .

(End of this page)

- h) You agree to pay us the loan amount, together with interest calculated from the interest adjustment date, in monthly loan payments. Your initial monthly loan payment based on the initial interest rate as indicated in section D2c above will be _____ dollars (\$ _____). Your payment amount will vary automatically with each change to the VRM base rate. Each payment adjustment will take into account the remaining amortization period and new interest rate in effect on the date of the change. After each VRM base rate change, we will mail you a notice as outlined above in D2d. If there is no change to the VRM base rate your payment amount will not change and we will not send you a notice. Each monthly loan payment consists of a portion of the principal amount together with the interest due and payable on the monthly loan payment date. Your monthly loan payments will begin on the _____ day of _____ and continuing each and every following month, and ending on the _____ day of _____.

You will pay the balance of the loan amount together with all the interest that is due and payable on the date last mentioned which is also called the final payment date.

Each monthly loan payment will be used:

- first, to pay or reduce the interest due
- second, if any of the payment remains, to reduce the loan amount.

If this is a progress draw construction loan

The annual interest rate during the construction period is a floating interest rate equal to Scotiabank's prime rate plus 1%. Interest is payable monthly and calculated semi-annually, not in advance. Your interest rate changes automatically, without notice, on the day Scotiabank's prime rate changes. Our prime rate in effect at any time is available at any Scotiabank branch in Canada or on our website www.scotiabank.com.

The construction period is defined as the nine-month period following the date of the first loan advance, or the period from the date of the first advance, to the date the loan is at least 75% advanced, whichever is shorter.

You will pay interest-only payments each month during the construction period, starting one month from the date of the first advance. Interest is calculated based on the loan amount advanced to date. The last interest-only payment is due nine months from the date of the first advance, or, on the date the loan is at least 75% advanced. At that time, the total loan amount, plus all interest owing, becomes due and payable, unless converted.

If your progress draw construction loan is not 75% advanced on or before the nine-month construction period, we may, at our discretion:

- 1) convert your mortgage as described in section D2 in this agreement
- 2) continue to collect interest-only payments for a set period of time
- 3) require the outstanding loan amount and all interest owing to be paid in full

Convertible feature

When your progress draw construction loan is at least 75% advanced (as long as this takes place on or before the end of the nine months from the date of the first advance), we will automatically reset the term start date and convert the mortgage to the chosen term, rate type, and repayment schedule, based on the full principal amount, as specified in the Personal Credit Agreement and any amendments (provided to you by your servicing branch).

We will provide written confirmation to you showing, among other things, your loan annual interest rate, principal and interest payment amount, term start date and maturity date.

D3 Fees and costs

You agree to pay all legal, registration and notary fees and disbursements relating to the preparation and discharge of this document and the hypothec created in it, along with all application fees, the appraisal fee, any survey costs or mortgage default insurance premiums and provide us with proof of registration of this document.

D4 Prepayment terms and conditions

If a Schedule of Prepayment Terms and Conditions is attached to this agreement, you may prepay the loan amount according to the conditions outlined in the schedule.

If this is a progress draw construction loan, a Schedule of Prepayment Terms and Conditions (if attached) does not apply to the hypothec during the construction period.

D5 Grant of security and property description

- a) To secure repayment of the loan amount and all other sums owing to us under this document, and to secure the performance of all of your obligations under this document, you hypothecate in our favour the property described in section D5d of this document for the amount of

dollars

(\$ _____), together with interest at the rate set out in section D2 of this document.

All property hypothecated under this agreement is collectively called the property. If the hypothec affects more than one property, the term property means any and all such hypothecated property.

- b) You also hypothecate the following as security to us up to the amount (together with the interest) specified in section D5a of this document:
- 1) all present and future rents and revenues of the property
 - 2) any buildings on your property and anything now or later attached or fixed to the buildings on your property including additions, alterations, and improvements
 - 3) the amounts payable under all insurance policies covering the property
- c) You further hypothecate the property for an additional twenty per cent (20%) of the amount specified in section D5a. This specifically secures payment to us of all amounts that may be owing under this document and not secured by the hypothec described in sections D5a and D5b of this document, such as taxes, insurance, repairs, and other costs.

(End of this page)

d) The property referred to in section D5a is described as:

D6 If the property is a condominium unit

Your rights and obligations as a borrower

If the property is a condominium unit, you agree to:

- a) comply with the Civil Code and the condominium documents (declaration of co-ownership, condominium bylaws, rules, and other documents) and if we ask for it, you agree to provide us with proof that you are complying with the rules of the syndicate of co-owners. You authorize us to correct any failure of yours to comply with the Civil Code and the condominium documents. You agree to pay our expenses to enforce our right to have the syndicate of co-owners or any owner comply with the Civil Code and the condominium documents.
- b) send to us any notices, assessments, bylaws, rules, or financial statements of the condominium, that you receive (or are entitled to receive) from the syndicate of co-owners, if we ask for them. You authorize us to inspect the records of the syndicate of co-owners.
- c) authorize us to exercise your rights under the Civil Code to vote on condominium matters and pay for any expenses we incur to do so. We are not liable for any action taken in doing what you have authorized us to do under this agreement. We are not liable for any failure to act.
- d) pay your unit's share of common expenses and any emergency fund to the syndicate of co-owners on the due dates.
- e) insure your portion of the common areas of the condominium if the syndicate of co-owners does not do so, and, at our request, insure your interests in assets of the syndicate of co-owners or buildings that are part of the condominium. This includes existing buildings and those built in the future, both during construction and afterwards.

If the property stops being governed by the Civil Code or condominium documents, all terms of this hypothec continue to apply to the property.

Our rights and obligations as a lender

If the property is a condominium unit, we have the right to:

- a) correct any failure of yours to comply with the Civil Code and the condominium documents. This can include obtaining insurance on your behalf or arranging repairs and maintenance.
- b) inspect the records of the syndicate of co-owners.
- c) vote on your behalf on condominium matters.

We can, at our option, demand full payment of the loan if the syndicate of co-owners fails to comply with the condominium documents. For example, if the condominium corporation fails to:

- insure all private and common portions of the property according to law and our requirements
- insure the assets of the syndicate of co-owners as per our request
- provide us with proof that the insurance is in force
- do all that is necessary to collect insurance proceeds
- manage the property in a careful way
- make substantial modification to the common portions of the property without our approval.

or, there has been substantial damage to the property and the owners have voted for termination of the divided co-ownership.

D7 If this is a construction loan

You agree to inform us in writing before receiving any advance of the loan amount if the advance is to finance an improvement. The word improvement includes any construction, installation, alteration, addition, repair or demolition on, in, or to the property. You agree to provide us immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them.

You agree that any improvement will only be made according to contracts, plans and specifications approved in writing by us in advance. You must complete all such buildings or improvements as quickly as possible and provide us with proof of payment of all contracts from time to time as we require. If you do not complete the construction, we may do so and our expenses will form a part of the loan amount and bear interest at the interest rate provided for in this document. You will pay us these expenses immediately.

We will make advances (part payments of the principal amount) to you based on the progress of the improvement, until either completion and occupation or sale of the property. We will determine whether or not any advances will be made, when they will be made and in what amount. Whatever the purpose of the hypothec may be, we may, at our sole and complete discretion, hold back funds from advances until we are satisfied that sufficient funds are available to meet the cost of the improvement.

Your rights and obligations as a borrower

B1 Your primary obligation

You agree to pay the loan amount and interest as outlined in sections D1 and D2 of this document. If you do not perform any of the obligations listed in this document, you are in default.

You must also keep your information about you and your property current. It is your responsibility to inform us in writing if anything changes after this agreement is signed.

B2 Your obligation continues

Unless we have provided you with a release, you continue to be responsible for all obligations named in this document, even if:

- there is a transfer of ownership in the property, or
- we extend the time to repay all or part of the loan amount, or
- we renew the loan, or
- we make any other arrangement with a new owner for all or part of the property.

If two or more persons are designated in this document as "borrower" each of them is bound to meet all obligations to us. The borrowers are jointly and solidarily obligated to us, the lender.

B3 Making payments on your behalf

You agree to repay us for:

- any amount we pay in connection with this loan
- any amount to register, preserve and release the hypothec securing the loan
- any amount to exercise our rights to recover the loan or enforce the hypothec or to preserve the property. We can also pay off any hypothecs, claims, expenses or encumbrances against your property which we consider to have priority over the hypothec
- any other amounts you are obliged to pay but which are paid by us including appraisal fees and legal and notary fees for the preparation, registration and discharge of the hypothec.

These payments are due immediately and are subject to interest at the rate set out in section D2 in this document, calculated from the date we make the payments, until they are paid in full.

B4 Declarations about the property

You acknowledge and declare that:

- a) this hypothec ranks first against the property.
- b) the property described in section D5 belongs to you at all times and is free and clear of all encumbrances, liens, and hypothecs except those we have approved. This includes the declaration of a family residence. All encumbrances, liens, and hypothecs must be released prior to any advance. You will supply us with a copy of each deed, release and transfer along with all signed documents to show that the hypothec is valid and enforceable.
- c) the certificate of location reflects the present physical state of the property and buildings.
- d) all taxes, assessments, rates, duties, or claims affecting the property have been paid.
- e) the property has not undergone any construction, renovation, repair, or alteration within the six (6) months preceding the date of this document that have not been paid for in full.

f) your marital status is:

and no changes are contemplated regarding your marital status or, if you are married, no changes have been contemplated since the date of your marriage nor a proceeding pending that may result in a change in your marital status. You will immediately inform us in writing should there be a change in your marital status or should the property become the family residence.

B5 Maintaining the property

Repair and maintenance

You agree to:

- maintain the property in good condition and repair
- use the property or permit the property to be used only for the purpose it is now used
- comply with all applicable laws and regulations.

You agree not to:

- commit any act which might lower the value of the property
- make or permit any major alterations or additions to be made to the property without our consent
- use your property for any illegal purposes or allow it to be used by any other party for illegal purposes
- abandon your property.

Inspections

You will provide access to the property for inspection by us, or our agents whenever we request it. You will pay us any costs involved in conducting any inspections that we feel are appropriate. This includes environmental testing, site assessments, or investigations. If this is a CMHC-insured mortgage, in this section, "our agents" includes agents of Canada Mortgage and Housing Corporation.

Insurance on the property

You agree to insure and maintain insurance on the property, until the mortgage is discharged, against loss or damage by fire and other perils generally set out in fire insurance policies or other perils we may request. You agree to provide us at our request with the policy or policies as evidence of this coverage. You also agree, if we request, that fifteen (15) full days before the policy expires or is cancelled, you will deliver evidence of a renewal or replacement policy. This evidence may mean a copy of the renewal or replacement policy.

You also specifically agree that the insurance policy:

- will include extended perils coverage on each building on the property and on any building which may be built on the property both during construction and when complete
- amount must be for not less than the full replacement value of the buildings located on the property
- will indicate us as payee for any claim
- will contain no co-insurance clause
- will contain a mortgage clause satisfactory to us.

Taxes on the property

You agree to:

- a) provide us with the municipal and any other property tax bills or notices when you receive them.
- b) make payments to us on account for the municipal and any other property taxes payable on your property so that we may pay the taxes when they become due.

These payments are to be made on the same dates that your regular loan payments are paid to us. Each monthly payment will consist of approximately 1/12th of our estimate of a year's taxes becoming due and payable. If the final tax bill due date or final installment due date is less than one year from the interest adjustment date, you may be required to 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 these periods.

- c) pay to us on demand any amount by which the actual taxes on your property exceed our estimate of your taxes or exceed the amount we have accumulated to pay your taxes. At our option, we may increase the monthly payment to cover this amount.
- d) provide us with a copy of any receipt within thirty (30) days of the due date if you have paid your taxes directly to the municipality.

B6 Income from the property

At our request, you agree to provide us with a copy of all leases affecting the property including all information about rents and revenues.

You agree not to hypothecate or assign, in whole or in part, the rents or revenues of the property to a third party, or accept payments of rent in advance for more than one month or provide any tenant with a release or discharge in advance for more than one month's rent. You agree not to lease the property on terms lower than market conditions unless agreed to by us in writing.

If authorized by us, you may collect the rents and revenues. If we withdraw this authorization, we may then collect the rents and revenues on the property. We are entitled to a commission for this collection, which may be deducted from any amount collected. We have no obligation to advise you of any irregularity in the payment of rents.

You agree to use best efforts to ensure that lessees of the property pay their rent in a timely manner.

B7 Changing ownership of the property

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

Providing we have given our prior consent, within thirty (30) days after any change of ownership of the whole or any part of the property, you agree, at your expense to:

- give written notice of the change to us
- provide us immediately with a copy of the deed as evidence of the change and proof of its registration
- provide us with an accepted transfer of each insurance policy, and any other documents that we may request
- ensure the new owners assume all obligations and liabilities jointly and solidarily.

B8 Discharging or releasing the hypothec

When the loan and all other sums due to us under this document have been repaid in full, you will be responsible for having the discharge prepared by a notary at your expense. You will give us reasonable time to sign the discharge. You are responsible for registering and for the cost of registering any discharge.

Our rights and obligations as a lender

L1 Other agreements, releases, and transfers on the property

We must approve all other agreements, releases, discharges, and transfers that relate to this loan, all of which must be prepared by a notary satisfactory to us, at your expense, including our usual administration fee.

We must receive a copy of each agreement, release, and transfer along with all signed documents to show this hypothec is valid and secure.

If a legal hypothec is registered against the property, or if a prior claim is asserted, you agree to have the hypothec discharged or prior claim settled within fifteen (15) days. We may pay the debt secured by the legal hypothec or prior claim but we are not obliged to do so. Any amount which we pay on your behalf is payable to us on demand and bears interest at the rate of the loan.

L2 Maintaining the property

Repair and maintenance

If, in our opinion, repairs are needed, we can make those repairs. The cost of any inspections and needed repairs are immediately payable by you.

Insurance on the property

We have the right to approve the insurance policy on the property and the insurer.

If you do not meet the insurance requirements of this document, we can but are not obliged to obtain insurance at your expense. If we do this, the amount that we pay for insurance will be payable to us immediately and will bear interest at the rate of the loan.

We are the payee of any claim over the claim of any other person, for any loss under the policy. If there is loss or damage of any kind to the property, you will immediately notify us and provide all necessary proofs of loss at your expense. This agreement is sufficient authority for an insurance company to pay us any loss related to the insurance policy or to accept instructions from us dealing with loss. We have the right to receive the proceeds of each policy and to apply them wholly or in part either to meet costs of reconstruction or repair or to reduce the outstanding balance of your loan or of any other amounts you owe us. We must approve all repair or reconstruction work before the work may begin.

Inspections

We, or our agents, may inspect the property and any buildings on it at any time we think appropriate. If this is a CMHC-insured mortgage, in this section, "we" includes agents of Canada Mortgage and Housing Corporation.

We may do an inspection for any purpose but in particular, to do environmental testing, site assessments, investigations, or any study we decide is necessary. This inspection will not cause us to be considered in possession of your property.

You will pay for any inspection that we do or any other costs.

Taxes on the property

- a) We will estimate your municipal and property taxes for the year based on information received from you. We may revise the estimate from time to time.
- b) We will pay your municipal and property taxes from the monthly payments we receive from you as long as you are not in default under this document. 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 is added to the loan amount. We are under no obligation to advise you that a debit balance has been created.
- c) 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.
- d) 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 Scotiabank 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.

If you default on any loan payment, we may apply the money in your tax account towards the repayment of the interest due and payable, the loan amount, or both.

L3 Income on the property

If we withdraw the authorization for you to collect the rents and revenues on the property, we may collect the rents and revenues. We are entitled to a commission for this collection, which may be deducted from any amount collected.

We have no obligation to advise you of any irregularity in the payment of rents.

L4 Notice

Any written notice, demand, or suit to or against you or any subsequent acquirer of the hypothecated property, may be given, or be served, at the address specified above or at your address last known to us.

If we are unable to serve notice at either of those addresses, service may be effected at the office of the Clerk of the Superior Court for the judicial District of

L5 Our recourses when you are in default

Our security will become enforceable and, in addition to our rights and recourses provided by law, we may take any or all of the following actions immediately or at a later date when you:

- are in default of any obligation in this document
- become bankrupt or insolvent
- abandon the property.

We have the right to demand or request payment of all amounts due under this document plus interest outstanding.

We can choose not to use a right to demand payment but this does not give up our right to do so at a later date.

Even if we waive or partially waive your failure to pay any amount owing to us, or do some other act, or we use our right to demand payment, this does not prevent us from exercising any other right we may have.

We are only required to use reasonable care in enforcing rights and satisfying obligations under the terms of this agreement. We are only liable for any intentional fault or gross negligence in dealing with the property.

The hypothec created under this document is in addition to and does not take the place of any other hypothec or security held by us.

L6 Discharging or releasing the hypothec

We may establish the terms for releasing our interest in all or part of the property (that is, we may discharge, or partially discharge, the property from the hypothec) whether we receive value for our release or not. If we release part of the property from the hypothec at any time, the rest of the property continues to form part of the security.

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

We can release you, any guarantor, or any other person from performing any obligation contained in the hypothec, any agreement or any other security document without releasing any part of the property secured by the hypothec or any other security document. Any such release does not release any other party from their obligations under this document or any agreement.

When our interest in the property comes to an end, you will be responsible for having the discharge prepared by a notary at your expense. You will give us reasonable time to sign the discharge. You are responsible for registering and for the cost of registering any discharge.

L7 Assigning our rights

We may sell or assign all or any part of the loan, any agreement, or this hypothec to one or more third parties without notice to you or your consent.

If we do so, you agree that this hypothec will continue to secure all amounts owing under any loan or agreement that has been so sold or assigned and all loans that arise under any agreement after such sale or assignment. This hypothec and any loan or agreement once sold or assigned may be repurchased by us, whether or not in default.

Signatures

Language clause

The parties confirm that it is their wish that this agreement, as well as all other related documents, including notices, have been and will be drawn up in English. Les parties aux présentes confirment leur volonté que cet acte de même que tous les documents s'y rattachant, y compris tout avis, soient rédigés en anglais.

Intervention by the spouse

The spouse who has been informed of the loan agreement and hypothec, consents and agrees to the loan agreement and hypothec and confirms that the matrimonial status is correct as declared.

Even if the property is a family residence as set out in the Civil Code of Quebec with a declaration of family residence against it, the hypothecs, rights and options of the lender take priority against the property, and the spouse gives up any rights that might result from any present or future declaration registered against the property.

If we become the owner of the property, or sell it to a third party by exercising our hypothecary rights, a declaration of the property as a family residence will be cancelled. Both you and your spouse agree to this condition.

Intervention by the guarantor

The guarantor acknowledges this document and is satisfied with its terms. The guarantor agrees unconditionally to repay to us jointly and solidarily, together with interest and any other payment to which we are entitled and to fulfill your obligations under this document, in case you or any subsequent owner of the property is in default.

The guarantor acknowledges that we, as lender, without gaining further consent or giving notice to the guarantor, may:

- grant delays in paying the loan amount and interest due
- agree to changes to provisions of the loan (including increases in rates of interest)
- renew the loan or amend/increase the loan amount
- change the term or grant a discharge, totally or in part on the property
- give up any right provided in this document, against any person
- realize or replace any security given on the loan.

None of these delays and amendments will release the guarantor and the guarantor's liability remains unchanged.

We may require the guarantor to pay for the full amount due under this agreement, without having to realize its security against the property under the hypothec or any other security and without having to use any other options against the borrower or any subsequent buyer of the property. The guarantor renounces to the benefits of division and discussion.

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WHEREOF ACT:

THUS DONE AND PASSED AT THE said City of

Province of

under the Number

of the original minutes of the undersigned Notary.

AND after due reading, the parties signed with and in the presence of the said Notary.

Scotia Mortgage Corporation Loan Reference Number

Signed at
on the date written above.

Scotia Mortgage Corporation

Per:

Borrower

Spouse

Guarantor

Notary

No.

Date

LOAN

by

SCOTIA MORTGAGE CORPORATION

to
