

ON THIS _____ day of _____,

BEFORE MTRE.

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

CAME AND APPEARED:

THE BANK OF NOVA SCOTIA, a bank constituted under the Bank Act (Canada) and named in Schedule 1 of such Act, having an office at 44 King Street West, Toronto, Ontario M5H 1H1, and a branch located 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 The Bank of Nova Scotia, 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
- agreements means all of the agreements (including a master agreement such as the Scotia Total Equity Plan) which relate to the obligations secured, including all of the contracts, promissory notes, bills, letters of guarantee, bankers' acceptances, including third party guarantees, currency operations or other documents or transactions of whatever nature, including without limitation a personal line of credit, a Scotia VISA credit facility or bank draft facility, which govern the Obligations Secured which we may enter into with you from time to time, now or in the future.
- 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 Obligations Secured

The obligations secured by this hypothec consist of all of your debts, liabilities and obligations towards us, including interest resulting from the agreements (the obligations secured), whether:

- present or future
- unconditional or dependent
- matured or not
- at any time owing or remaining unpaid by you to us
- which arose from dealings between you and us, or from any other proceedings in which we became your lender
- wherever and whether incurred by you alone or with someone else
- whether as main debt or as security for debt
- as amended from time to time

You agree to pay, according to this document and all agreements:

- all amounts including, but not limited to, all costs and other amounts due to us under this document or any one or more agreement
- all interest, including compound interest, that accrues on the obligations secured.

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 obligations secured

The interest rate and payment details are set out in the agreements.

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

Your right to prepay, if any, the principal amount will be set out in the agreements.

D5 Grant of security and property description

- a) To secure payment and fulfillment of the obligations secured resulting from the agreements, you hypothecate as security to us the property described in section D5d of this document for the amount of

dollars

(\$ _____), and interest at the rate of twenty per cent (20%) per year.

This hypothec remains a continuing security for payment and fulfillment of the obligations secured, despite any change in the amount, nature or form of the debt or any renewal, extension, amendment or replacement of the agreements. Any future obligations and the extinction of the obligation secured shall not affect the good standing of the hypothec.

All property hypothecated under this agreement is collectively called the property. If the hypothec affects more than one property, the term 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 property described in section D5d, 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.

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 amount owing to us under this document and under the agreements. 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 the obligations secured include a construction loan

You agree to inform us in writing before receiving any funds 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 obligations secured 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 and fulfill the obligations secured in accordance with the terms and conditions of this document and the agreements. 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.

This document does not change or release you from any of your other obligations under the agreements with us. Also, this document does not affect any other security we hold for the repayment of the obligations secured, or any other rights we may have to enforce repayment of the obligations secured.

B3 Making payments on your behalf

You agree to repay us for:

- any amount we pay in connection with the obligations secured
- any amount to register, preserve and release the hypothec securing the obligations secured
- any amount to exercise our rights to recover the obligations secured 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) You agree not to hypothecate or otherwise encumber the property without our prior written consent.
- 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) pay all taxes on the property when due or, if we require, 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, if we require, so that we may pay the taxes when they become due.

If we require, these payments are to be made no less frequently than monthly on the same dates as your regular loan payments, if any, or on such other dates as may be set by 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 amounts owing to us under this document and under the agreements 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 obligations secured 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 may 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 may pay your municipal and property taxes from the monthly payments we receive from you if your payment includes a provision for taxes and 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 may 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 obligations secured until the debit balance is paid to us in full.

If you default on any obligation secured we may apply the money in your tax account towards the repayment of the interest due and payable, the principal 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 payment and fulfillment of all obligations secured 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 obligations secured, 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 obligations secured or agreement that has been so sold or assigned and all obligations secured and agreements that arise after such sale or assignment. This hypothec and any obligations secured 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 obligations secured, agreement and hypothec, consents and agrees to the obligations secured, 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 obligations secured or agreements (including increases in rates of interest)
- renew the obligations secured or amend/increase the amounts due thereafter
- 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 obligations secured.

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.

(End of this page)

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.

The Bank of Nova Scotia Loan Reference Number

Signed at
on the date written above.

The Bank of Nova Scotia

Per:

Borrower

Spouse

Guarantor

Notary

No.

Date

LOAN

by

THE BANK OF NOVA SCOTIA

to
