

Loan Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_,

B E T W E E N : SCOTIA MORTGAGE CORPORATION,  
a loan Company constituted under the Trust and Loan Companies Act (Canada), having its Head Office at 2201 Eglinton Avenue East, Scarborough, Ontario M1L 4S2 and a place of business in Québec at \_\_\_\_\_

and herein acting and represented by \_\_\_\_\_

its \_\_\_\_\_

duly authorized for the purposes hereof pursuant to a resolution of its Board of Directors dated \_\_\_\_\_

(the "Lender")

The Lender's notice of address has been registered in the Registry Office for the Registration Division of \_\_\_\_\_

under \_\_\_\_\_

the number \_\_\_\_\_

A N D :

(the "Borrower")

WHO DECLARE AND AGREE AS FOLLOWS:

That the Borrower is indebted to (the "Creditor") in the amount of \_\_\_\_\_

dollars (\$) (the "existing indebtedness") in virtue of a deed of loan by the Creditor in the original amount of \_\_\_\_\_

dollars (\$) (the "original capital sum") passed before \_\_\_\_\_, Notary on the \_\_\_\_\_

day of \_\_\_\_\_

and registered in the Registry Office for the Registration Division of \_\_\_\_\_

under the number \_\_\_\_\_ (the "Deed of Loan");

That in order to secure the repayment to the Creditor of the original capital sum borrowed pursuant to the Deed of Loan together with interest thereon at the rate therein set forth, the Borrower hypothecated in favour of the Creditor the following property (the "Property") namely:

**DESCRIPTION**



That the Borrower wishes to contract a loan with the Lender for the purpose of paying the existing indebtedness to the Creditor and of subrogating the Lender in all the rights of the Creditor under the Deed of Loan.

WHEREFORE THESE PRESENTS WITNESS

1. The Lender has this day made a loan to the Borrower in the amount of the existing indebtedness (the "loan amount") which the Borrower declares to have borrowed for the sole purpose of paying the existing indebtedness to the Creditor so that the Lender may be subrogated in all of the rights of the Creditor conferred by the Deed of Loan. The proceeds of the loan shall be disbursed directly to the Creditor for the account of the Borrower. The making of this loan by the Lender is conditional upon the Lender being subrogated, within sixty (60) days following the date of execution of this Loan Agreement or such further time period as may be agreed to in writing by the Lender, in all the rights purported to be created in favour of the Creditor under the Deed of Loan.

2. Upon the Lender being subrogated in the rights of the Creditor under the Deed of Loan the loan amount shall, from the date of execution of this Loan Agreement, bear interest at a variable rate, expressed as a rate per annum and determined as follows:

(a) The interest rate payable on the loan amount during the whole of each calendar month shall be equal to the Lender's Variable Rate Mortgage (VRM) Base Rate in effect on the first day of the month with a variance of % per annum. The Lender's Variable Rate Mortgage Base Rate set on the first of each month equal to the Prime Rate of the Bank of Nova Scotia on that day.

(b) 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 this deed refers to the interest rate payable on the loan amount, that expression means the variable rate determined as set out above calculated and payable as set out above.

(c) On the first day of the month during which the Borrower signs this deed the VRM Base Rate was % per annum and the interest rate payable on the loan amount (VRM Base Rate plus/minus the number of percentage points set out above) at the time the Borrower signs this deed is % per annum, calculated monthly not in advance, which is equivalent to % per annum calculated half-yearly not in advance. Those interest rates will remain in effect until they are varied as provided under this deed. Schedule A to this deed sets out interest rates calculated half-yearly not in advance which are equivalent to interest rates calculated monthly not in advance.

(d) If this is a Variable Rate Mortgage with a Cap Rate, the maximum interest rate payable by the Borrower on the loan at any time during the term will be % per annum, calculated monthly not in advance.

(e) After an increase in the interest rate payable on the loan amount, the Borrower may repay the money owing under this deed without notice or bonus on the following terms. First, the Borrower's prepayment must include all of the money that the Borrower owes to the Lender under this deed, 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 a period of twenty-one (21) days after the effective date of the increase. If the Borrower does not make the prepayment within that period, the Borrower will be bound by the increase.

(f) After each VRM Base Rate change, the Lender will mail a notice showing the new interest rate and the date it became effective. The notice will be mailed to the Borrower's last known address shown in the Lender's records. However, the Lender's failure to mail a notice or the fact that the Borrower does not receive it will not prevent the rate

from varying under the preceding paragraphs or extend the period for the prepayment under paragraph (e). The VRM Base Rate in effect at any time will be available at any branch of The Bank of Nova Scotia in Canada.

(g) If on any monthly loan payment date the Borrower does not make the payment due on that day, the Lender will charge the Borrower interest on any overdue interest until paid to the Lender ("compound interest"). The Lender will also charge interest on compound interest that is overdue until paid to the Lender. The interest rate for compound interest is the interest rate payable on the loan amount both before and after the final payment date, default and judgment. It shall be paid periodically at intervals that are the same as the Borrower's monthly loan payment dates.

(h) 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 on the next monthly loan payment date be added to the deferred interest, and so on.

3. The Borrower undertakes to repay the loan amount, with interest thereon at the rate stipulated in Section 2 as follows:

(a) Before the Borrower's regular monthly loan payments begin the Borrower will pay the Lender interest at the interest rate payable on the loan amount on all money the Lender has advanced to the Borrower up to the interest adjustment date. Interest will be computed from the date of each advance and will become due and payable in monthly installments 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 payable up to but not including the interest adjustment date shall become due and be paid on that date. In this deed the interest adjustment date is the 1st

(b) The loan amount together with interest calculated from the interest adjustment date shall become due and be paid by the Borrower in regular payments (called "monthly loan payments").

The Borrower will make the Borrower's regular monthly loan payments to the Lender in equal installments of

( \$ \_\_\_\_\_ ) each, \_\_\_\_\_ dollars  
beginning on the 1st

and continuing on the FIRST day of each and every following month  
and ending on the 1st

Each of the above dates is called a "monthly loan payment date". The Borrower 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".

- (c) 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 date of adjustment of interest);
  - 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 loan amount.

Schedule A to this Loan Agreement sets out a method of calculating the interest payable under this Loan Agreement, to help the Borrower to determine how much of each monthly loan payment is interest and how much, if any, is capital.

(d) The Lender may require the Borrower to pay all the money that the Borrower owes the Lender under this Loan Agreement immediately whenever the total of the loan amount, all other amounts due and payable under this Loan Agreement and all amounts secured by a hypothec, priority, lien or encumbrance against the Property which ranks equal or in priority to this Loan Agreement or exceeds \_\_\_\_\_ dollars (\$) \_\_\_\_\_ ) or exceeds 105% of the original advanced amount.

(e) The Lender may require the Borrower to pay all the money that the Borrower owes the Lender under this deed immediately if the Borrower sells, transfers or hypothecates the Property. This provision does not apply to a sale, transfer or hypothec to which the Lender has given the Lender's prior written consent.

(f) The Borrower shall not have the right to prepay the loan amount unless there is a Schedule B attached to this Loan Agreement, in which event the Borrower may make prepayments in accordance with the provisions set out in such Schedule. As regards the Lender, the rights of the Borrower under Section 10 of the Interest Act (Canada) shall be determined as if the hypothec under the Deed of Loan had been created as of the date of this Loan Agreement. The term "Borrower", as used in the preceding sentence, shall include any person that is liable under the Deed of Loan or entitled to cause the hypothec created thereunder to be discharged.

4. All payments required to be made by the Borrower to the Lender shall be made in lawful money of Canada at the office of the Lender, namely at \_\_\_\_\_ or at such other place as the Lender may designate in writing to the Borrower.

5. The Borrower declares and represents that:

- (i) he has paid all taxes, assessments, rates or duties of whatsoever nature affecting the Property;
- (ii) the Property belongs absolutely to the Borrower and is free and clear of all encumbrances whatsoever save for the hypothecs and other rights resulting from the Deed of Loan;
- (iii) all the rights purported to be created in favour of the Creditor under the terms of the Deed of Loan shall be existing, valid and enforceable by the Creditor when the Lender is subrogated in the rights of such Creditor under the Deed of Loan to the extent permitted by law;
- (iv) the Property has not undergone any construction, renovation, repair or alteration within the six (6) months preceding the date of this Loan Agreement except such as have been paid in full;
- (v) his matrimonial status is as follows:

and that no modification has been made thereto since the date of his marriage and there is no pending agreement between the consorts for the purpose of modifying their matrimonial regime or status, or their marriage contract, nor any action in separation as to property or as to bed and board, nor any action in annulment of marriage nor for divorce;

(vi) The survey represents the actual physical state of the Property.

6. Any notice, demand or suit to or against the Borrower or any subsequent acquirer of the Property may be given or served at the address given above or at such other address as the Borrower may have advised the Lender of in writing, provided however that should the Lender be unable to serve notice at such address, service may be effected at the office of the Clerk of the Superior Court for the judicial district of

The Borrower does hereby elect domicile for such purposes at such office and agrees that all recourses related to this deed may be exercised there.

7. The Borrower shall insure and keep constantly insured against loss or damage by fire and other perils customarily set out in fire insurance policies, with extended coverage insurance, on the Property and each and every building which is or may hereafter be erected thereon both during erection and thereafter to an amount not less than the replacement value of the Property, and the policies evidencing such insurance shall contain no co-insurance clause. The Borrower shall, upon request, deliver to the Lender a policy or policies evidencing such insurance and at least fifteen (15) full days prior to the expiry or cancellation of a policy, he shall deliver to the Lender evidence of renewal or replacement. All policies of insurance shall contain a mortgage clause satisfactory to the Lender.

Every contract of insurance and renewal thereof, shall be effected in such terms and with such insurer as may be acceptable to the Lender; the loss under each policy shall be made payable to the Lender with preference in its favour over any claim of any other person; and each policy shall be retained by the Lender during the currency of this Loan Agreement (i.e. until the loan amount, together with any interest, accessories and all other amounts which may become due to the Lender hereunder shall have been fully paid). In the event of failure on the part of the Borrower to execute any obligation undertaken by him under this Section 7, the Lender may effect such insurance at the cost of the Borrower. What the lender pays for this insurance shall be added to the amount the borrower owes under this agreement and shall bear interest at the interest rate payable on the loan amount. The borrower will pay this amount with the next monthly payment

In the case of loss or damage of any nature whatsoever to the Property the Borrower shall at his own expense furnish all necessary proofs of loss and shall immediately notify the Lender. The production of this agreement will be sufficient authority for an insurance company to pay the lender any loss related to the insurance policy or to accept instructions from the lender dealing with the loss. The lender shall have the right to receive the proceeds of each policy and to apply them wholly or in part either to meet costs of replacement, reconstruction or repair or in reduction of any capital then remaining unpaid and/or of any other sums owing to it. No damage may be repaired nor any reconstruction effected without the approval of the Lender.

8. The Lender will prepare a written estimate, which the Lender may from time to time revise, of the amount of all taxes and assessments, including municipal, whether general or special, ecclesiastical and school (the "taxes") payable with respect to or constituting a charge on the Property and falling due during any twelve (12) month period and during the currency of this Loan Agreement, the Borrower shall pay to the Lender on the due date of each installment provided for in Section 2 one-twelfth (1/12) of the amount so estimated.

Notwithstanding the provisions of the immediately preceding paragraph it is agreed:

(a) That where the period between the interest adjustment date and the date upon which the next taxes become due and payable (or, if payable in installments, the date on which the next installment thereof becomes due and payable) is less than twelve calendar months, the Borrower shall pay to the Lender, in equal monthly installments during such period and during the succeeding twelve month period, an amount estimated by the Lender to be sufficient to pay, on or before the expiration of said twelve month period, all taxes which shall become due and payable during the said two periods and during the balance of the calendar year in which the said twelve month period expires, and the Borrower shall also pay to the Lender on demand the amount, if any, by which the taxes levied on the Property for such periods exceeded such estimated amount.

(b) That if on the date when taxes become exigible the total of the sums so accumulated and not otherwise applied, with any payment which may be made under this Section on that date, shall be less than the amount of such taxes, the Borrower shall on demand pay to the Lender an additional sum equal to the deficiency.

All sums paid to the Lender under this Section may be retained by the Lender and shall constitute security for the execution of all obligations in the Lender's favour arising out of this Loan Agreement. The Lender undertakes that when taxes fall due, provided that the Borrower is not in default and that the Lender is not obliged to pay the taxes more often than twice a year, any sums so retained and not otherwise applied will be applied in payment thereof.

All sums paid to the Lender and retained by the Lender for the payment of taxes under the terms of this Section shall bear interest at a rate not less than the prevailing rate paid by The Bank of Nova Scotia on savings-chequing accounts with the same credit balance, such interest to be calculated at the said rate on the minimum monthly balances standing in the Lender's books from time to time to the credit of the Borrower for payment of taxes and such interest to be credited to the Borrower not less frequently than once each year; and any advance made by the Lender for the payment of taxes shall bear interest at the rate specified in Section 2 above.

Within ten days after taxes shall have become exigible (save in the case where they are payable by the Lender under this Section) the Borrower shall himself pay the same and exhibit the original receipt therefore to the Lender.

The Borrower shall furnish to the Lender as soon as available to him all bills and notices and any other necessary information with respect to taxes.

9. Every tax which may be imposed in respect of the Deed of Loan and/or of any interest payable thereunder as amended by this Loan Agreement or in respect of any claim of the Lender thereunder shall be borne by the Borrower so that the Lender will receive and retain the loan amount and interest and all other sums owing to it without any abatement, the whole to the extent permitted by law.

10. Every sum which is paid by the Lender pursuant to this Loan Agreement, as well as all other sums which the Borrower may be bound to pay but which are paid by the Lender (and the Lender itself shall have the right to make such payments), or to preserve its security, shall be immediately repayable by the Borrower and shall bear interest at the rate specified in Section 2 above, reckoned from the date of disbursement by the Lender, the whole to the extent permitted by law.

11. Within thirty (30) days after any change of ownership of the whole or any part of the Property, the Borrower shall at his own expense give written notice thereof to the Lender and furnish the latter with a copy of the deed evidencing the change, and proof of its registration. The Borrower shall ensure that the new owner assumes all the obligations and liabilities under this Loan Agreement. The Borrower shall also provide the Lender with an accepted transfer of each policy of insurance, and any other documents which the Lender may reasonably require.

12. All acquittances and other deeds to which the Lender may become a party shall be approved by the Lender's legal adviser, in a form approved by the latter, the whole at the expense of the Borrower who shall, also at his own cost, furnish the Lender, if required, with a copy of each such deed. The Borrower shall do all things and sign all documents necessary for the hypothec constituted hereunder to have full effect and be constantly perfected.

13. Every divisible obligation in favour of the Lender arising out of the Deed of Loan must be performed in its entirety as if it were indivisible by each heir, personal or legal representative, successor or assign of any person who shall have been bound therefore.

In the case where two or more persons are designated in this Loan Agreement as "Borrower" each of them shall be bound for the performance of all obligations in favour of the Lender, all such personal being jointly and severally (or solidarily) bound towards the Lender.

14. The mere lapse of time for the performance of any obligation in favour of the Lender, if such obligation shall not have been performed, shall constitute default without the necessity of any notice or demand on the part of the Lender.

15. The Borrower shall continue to be bound by all the obligations herein expressed notwithstanding any alienation of the Property or any part thereof and notwithstanding that the Lender may extend the time for the repayment of the loan amount, or any portion thereof, renew the hypothec constituted under the Deed of Loan or the loan amount or change their term, in favour of a subsequent owner of the Property or any part thereof, or may make any other arrangement with such subsequent owner.

16. The Borrower shall maintain the Property in good condition and repair and shall not commit any act of waste thereon or therein and shall refrain from performing any act in connection therewith which might diminish the value thereof, and from time to time, at the request of the Lender, give the Lender's employees and agents access. The Borrower will not remove any property from the Property without the Lender's written consent and shall keep the Property free and clear of any real right, hypothec or security unless otherwise agreed to by the Lender.

17. If the Borrower is not married at the time of execution of this deed, but subsequently marries and the Property becomes the principal family residence, the Borrower agrees that he or his spouse shall subordinate to the rights of the Lender, by executing a written acknowledgement in the form prescribed by the Lender, which shall be executed and delivered to it within sixty (60) days of the date upon which the Property becomes the principal family residence, all of her or his rights in the Property as the principal family residence, or resulting from the registration of a declaration of family residence or of a judicial award of a right of use, habitation or ownership.

18. The Lender (including in this Section, the Canada Mortgage and Housing Corporation if this is a CMHC-insured mortgage) may inspect the Borrower's Property and the buildings on it when the Lender considers it appropriate. The Lender may do this for any purpose but particularly to conduct environmental testing, site assessments, investigations or studies which the Lender considers necessary. The costs of any testing, assessment or study will be payable by the Borrower and the Borrower will pay the Lender the costs as provided by Section 10 above. If the Lender does the things permitted under this Section, it will not be considered to be in control or possession of the Borrower's Property.

19. The following shall be events of default by the Borrower:

(a) failure to pay to the Lender when due the loan amount, interest thereon or accessories;

(b) failure to pay when due taxes, assessments, or duties or deliver to the Lender evidence thereof as herein provided;

(c) failure to insure or keep insured the Property or to deliver evidence of renewal or replacement of insurance or to notify the Lender of loss or damage, as herein provided;

(d) failure to perform any of the Borrower's other obligations required to be performed by the Deed of Loan, by law or by any other deed registered against the Property;

(e) if the Borrower or a subsequent acquirer becomes insolvent;

(f) if a writ of seizure is issued against the Property or if a judgment against any holder of the Property is registered against same and is not discharged within ten (10) days from the date of registration;

(g) if any of the declarations or representations of the Borrower herein contained are untrue;

(h) if the Property is seized or sold in execution or in satisfaction of the right of any creditor of the Borrower; or

(i) if any legal hypothec or priority is registered against the Property or any action is taken to preserve any legal hypothec or priority and the Borrower fails to cause the Property to be freed from such legal hypothec or priority within fifteen (15) days from the date of the coming into existence of such legal hypothec or priority or the registration thereof as the case may be. Upon the expiry of such delay the Lender may, but shall not be obliged to, pay the obligation secured by such legal hypothec or priority.

20. If any event of default occurs, the loan amount together with all interest thereon shall be due and payable immediately, notwithstanding any other provision hereof and the

Lender shall be entitled forthwith to exercise any or all of its recourses provided in the Deed of Loan or by law.

The acceptance by the Lender following any default by the Borrower in the payment of any sum owing to the Lender or the exercise by the Lender of any right or recourse shall not preclude it from exercising any other right or recourses.

The non-exercise by the Lender of any of its recourses shall not constitute a renunciation of the right to exercise any such recourse at a later date. The Lender shall be bound only to exercise reasonable care in the exercise of its rights and the fulfilment of its obligations and, in any event, it shall only be liable for its intentional fault or gross negligence. The rights of the Lender under this Loan Agreement are in addition to and not in substitution for any other security held by the Lender.

21. Upon the Lender being subrogated in the rights of the Creditor under the Deed of Loan, the loan amount shall, in case of conflict between the provisions of this Loan Agreement and those of the Deed of Loan, be governed by the foregoing provisions of this Loan Agreement and the Deed of Loan shall be deemed to have been amended accordingly.

22. Should the Lender not be subrogated in the rights purported to be created in favour of the Creditor under the Deed of Loan within sixty (60) days following the date of execution of this Loan Agreement or such further time period as may be agreed to in writing by the Lender, the loan amount shall be payable on demand and shall bear interest at the rate stipulated in Section 2 above calculated monthly not in advance from the date of execution of this Loan Agreement to the date of payment.

23. If the hypothecated Property is a condominium unit, the Borrower must comply with the following obligations:

In this deed, the Civil Code of Québec 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.

A. The Borrower will comply with all of the obligations contained in this deed except as they may be modified by the Act and the declaration which comprises the Act, constituting the co-ownership, the by-laws of the immovable and a description of the fractions (the "declaration") concerning the immovable owned in divided co-ownership of which the Property forms part (the "immovable").

B. The Borrower will comply with the Act and the declaration.

C. The Borrower will provide the Lender with proof of his/her compliance from time to time as the Lender may request.

D. The Borrower will pay his/her contribution for common expenses and the contingency fund (the "charges") for the Property to the syndicate of co-ownership (the "syndicate") on the due dates. Or, if the Lender exercises its right to collect the Borrower's contribution towards the charges from him/her, the Borrower will pay the same to the Lender upon being so notified. The Lender can accept a statement which appears to be issued by the syndicate as conclusive evidence for the purpose of establishing the amounts of the charges and the dates those amounts are due.

E. The Borrower will forward to the Lender any notices, assessments, by-laws and financial statements relating to the immovable and the co-ownership.

F. The Borrower will provide the Lender, on request, with any documents and information that he/she receives from the syndicate or is entitled to receive.

G. The Borrower will maintain all improvements made to the Property and repair them after damage.

H. The Borrower will not do or let anyone else do anything that lowers the value of the Property.

I. Insurance – In addition to the insurance which the syndicate must obtain, the Borrower must:

i) Insure all the improvements which the Borrower or a previous owner has made to the property;

- (ii) Obtain insurance for those additional risks that the Lender requires;
- (iii) Insure his/her common or other interests in buildings (whether presently existing or built in the future, both during construction and afterwards) which are part of the immovable or assets of the syndicate if the syndicate fails to insure the immovable as required or if the Lender requires the Borrower to do so;
- (iv) Assign his/her insurance policies to the Lender and (as far as permitted by law) the Borrower's interest in the policies held by the syndicate;
- (v) Provide the Lender 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 the Borrower's insurance policies (and those of the syndicate) must comply with the following:
  - The Property must be covered against destruction or damage by fire and other perils usually covered in fire insurance policies for the replacement cost (the maximum amount for which it can be insured) in Canadian dollars;
  - The Lender may stipulate the risks and perils which must be covered and what amounts the Borrower must insure for;
  - The Lender may approve the insurance company; and
  - The Lender may say what terms the policy must contain.

If the Borrower fails to insure the Property as required in this paragraph, he/she authorizes the Lender to obtain insurance which the Borrower is required to obtain. But, the Lender is under no obligation to obtain any insurance. What the lender pays for this insurance will immediately become payable by the borrower to the lender. If any loss or damage occurs, the borrower will, on behalf of the condominium corporation and themselves, provide the lender immediately, at the borrower's expense, with all necessary proofs of claim. The borrower will also do all necessary proofs of claim. The borrower will also do all necessary acts to enable the lender to obtain payment of insurance proceeds. The borrower 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. The Borrower must pay certain other Expenses – In addition to the Lender's other rights and remedies contained in this deed, the Borrower will pay to the Lender on demand, all expenses in relation to:

- Any by-law, resolution, or other matter (other than one for which only a vote of the majority present at the meeting is required);
- The enforcement of the Lender's right to have the syndicate or any owner comply with the Act and the declaration;
- The exercising of any voting rights the Lender may have.

Where the Lender's expenses relate to other fractions as well as to the Property, the amount the Borrower is required to pay will only be the expenses related to the Property as the Lender determines. All expenses are immediately payable by the Borrower. Until paid the expenses will be added to the loan amount and will be a charge against the Property. Interest is payable by the Borrower on the Lender's expenses at the interest rate payable on the loan amount until the expenses are paid in full.

K. Voting Rights – The Borrower authorizes the Lender to exercise his/her rights under the Act to vote.

The Lender is not liable for any action taken in doing what the Borrower has authorized the Lender to do or for any failure to act. The Lender may at any time revoke any arrangement made for the Borrower to do anything he/she has authorized the Lender to do.

L. Additional Rights under this Deed – The Borrower authorizes the Lender to do the following:

- (i) Inspect the Property at any reasonable time.
- (ii) Do any needed maintenance or repairs after damage.
- (iii) Inspect the syndicate's records.

- (iv) Remedy any failure of the Borrower to comply with the Act and the declaration.
- M. Repayment of the Loan may be Accelerated – The loan amount together with all interest which is due and payable and to which the Lender is entitled becomes immediately payable, at the Lender's option if:
  - (i) The syndicate fails to comply with the Act or the declaration;
  - (ii) The syndicate fails to:
    - insure all the private and common portions of the immovable according to law and according to any additional requirements of the Lender;
    - insure its assets if the Lender so requires and according to its requirements;
    - provide the Lender with proof that the insurance is in force, if the Lender asks for it; or
    - do all that is necessary to collect insurance proceeds;
  - (iii) The syndicate does not in the Lender's opinion manage the immovable or the co-ownership in a careful way;
  - (iv) The syndicate makes any substantial modification to the common portions without the Lender's approval;
  - (v) There has been substantial damage and the owners have voted for termination of the divided co-ownership;
  - (vi) The Borrower fails to comply with his/her obligations provided hereby.

The Lender's rights will not be affected by the fact that the Lender voted for or consented to the above situations.

24. The parties hereto confirm that it is their wish that this Loan Agreement, as well as all other documents relating hereto, including notices, have been and shall 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.

## SCHEDULE A

## PART ONE

USE THIS FORMULA TO CALCULATE THE INTEREST  
ON ANY AMOUNT FOR ANY PERIOD:

$$\left( \frac{\text{Capital} \times \text{Interest rate} \times \text{Number of days in the period}}{100 \times 365 \text{ (or 366 in a leap year)}} \right)$$

The amount on which the Borrower is calculating interest is called the "capital" and the "interest rate" is the interest rate payable on the loan amount under Section 2 of this deed.

Where this deed refers to interest from a date, that means interest from and including such date. Where this deed refers 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 in 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 Section 3(c) of this deed as follows:

To pay interest from March 1 to April 1	\$ <u>382.19</u>
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 Section 2(h) of this deed. On May 1 interest would have been calculated on both the loan amount of \$50,000 and the deferred interest of \$7.19.

## PART TWO

The interest rate payable on the loan amount under this deed 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		

**SCHEDULE B  
PREPAYMENT**

*Paying off a hypothec before the maturity date*

You may pay off some, or the entire hypothec early, based on the type of hypothec 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 hypothec 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 hypothec 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 deed does not provide for a Cap Rate**

If your deed does not provide for a Cap Rate in Section 2(d) and your loan 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 deed provides for a Cap Rate**

If your deed provides for a Cap Rate in Section 2(d) and all your loan payments are up to date, you may increase your payments, or pay off some of your hypothec 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 loan payment (principal, interest and taxes)	on any regular payment date during the year	your principal loan amount will be reduced by that amount
2. *by paying up to 15% of the original principal amount of your hypothec	at any time, sum total not to exceed the yearly maximum	
3. by increasing your regular monthly loan payment by up to 15% of the principal and interest payment set for the term of the hypothec	once each year of the term of your hypothec	

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

*Prepayment Costs*

When you prepay some, or the entire principal of your hypothec, 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 hypothec 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 loan does not remain outstanding with us for the full term. If the hypothec 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.

INTERVENTION

AND HERETO INTERVENED: –

spouse of the Borrower, who has taken communication of this Loan Agreement, concurs with the Borrower for the purposes of this Loan Agreement and confirms the accuracy of the declarations as to matrimonial status.

If the Property is a family residence within the meaning of article 401 and following of the Civil Code of Québec and a declaration of family residence has been registered against it, the hypothecs, rights and recourses of the Lender hereunder shall take priority and be executory against the Property as if no such declaration had been registered and the aforesaid Intervenant hereby waives any rights that might result from any such present and future declaration registered against the property.

Should the Lender become the owner of the Property or should the Property be sold to a third party as a result of the exercise by the Lender of its hypothecary rights, any declaration of family residence which might be registered against the Property shall be radiated and the Borrower and the aforesaid Intervenant hereby consent to such radiation.

AND HERETO FURTHER INTERVENED: –

(the "Guarantor") who acknowledges to have taken communication of this Loan Agreement and to be content and satisfied therewith and for good and valuable consideration does hereby bind and oblige himself jointly and severally (or solidarily) and unconditionally with the Borrower for the repayment of the loan amount together with interest thereon and accessories thereof and for the fulfilment of all the clauses and conditions of this Loan Agreement, in the event that the Borrower or any subsequent acquirer of the Property is in default under this deed.

The Guarantor acknowledges that the Lender may, namely, without obtaining the Guarantor's consent nor giving him notice, grant delays for the payment of the capital and interest due under this Loan Agreement, agree to amendments to the provisions hereof (including increases in rates of interest), renew the hypothec hereby constituted under the Deed of Loan or the loan amount or change their term, grant a discharge, totally or in part, and waive any right herein provided and realize or replace any security. Such delays and amendments shall not release the Guarantor and the Guarantor's liability shall remain unchanged.

The Lender may exercise against the Guarantor for the full amount of all sums due under this Loan Agreement, without having to realize on its hypothec constituted under the Deed of Loan or any other security and without having to exercise its recourses against the Borrower or any other person, including any subsequent acquirer of the property. The Guarantor therefore renounces to the benefits of division and discussion.

SIGNED AT \_\_\_\_\_, on the day, month and year firstly above written.

SCOTIA MORTGAGE CORPORATION

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ per: \_\_\_\_\_  
\_\_\_\_\_

WITNESS

WITNESS

BORROWER

INTERVENANT

PROVINCE OF QUÉBEC

DISTRICT OF

**AFFIDAVIT**

I, the undersigned, \_\_\_\_\_, of the \_\_\_\_\_ of \_\_\_\_\_ Province of Québec, therein residing at \_\_\_\_\_, being duly sworn, do depose and say that:

1. I am one of the subscribing witnesses to the execution of a Loan Agreement by \_\_\_\_\_ on behalf of SCOTIA MORTGAGE CORPORATION, as Lender, and by \_\_\_\_\_ as Borrower, and by \_\_\_\_\_ as Intervenant, dated the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.
2. The said \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ are personally known to me and I was present and saw them sign and execute the said Loan Agreement in the presence of \_\_\_\_\_, the other subscribing witness;
3. The said Loan Agreement was signed at the City of \_\_\_\_\_, Province of Québec;
4. The said \_\_\_\_\_, \_\_\_\_\_, the other subscribing witness, and I are both of the full age of majority.

AND I HAVE SIGNED.

\_\_\_\_\_

SWORN TO BEFORE ME at the City \_\_\_\_\_ of \_\_\_\_\_, Province of Québec, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

COMMISSIONER FOR OATHS FOR THE DISTRICT OF