



Form 15
MORTGAGE

Land Titles Act, S.N.B. 1981, c.L-1.1, s.25
Standard Forms of Conveyances Act, S.N.B. 1980, c.S-12.2, s.2

Parcel Identifier: _____
PID

Mortgagor: _____
name

address
AND

name

address

(Spouse of: _____
name

_____)
of Mortgagor

address

Mortgagee: _____ **SCOTIA MORTGAGE CORPORATION**
name

address

Guarantor: _____
name

address

Manner of Tenure: _____ **NOT APPLICABLE**

Limitation of Right, Title or Interest Mortgaged: _____ **NOT APPLICABLE**

Principal Sum: \$ _____

Interest Rate: See Schedule G _____ % per year

How Interest Calculated: half-yearly, not in advance

Interest Adjustment Date: _____, _____

Term: _____ commencing on the Interest Adjustment Date

Payments: \$ See Schedule G _____

Payment Dates: beginning on the _____, _____ and continuing on the _____ day of each and every following month.

Maturity Date: _____, _____

Place of Payment: the mortgagee's office in Toronto, Ontario, or at any other place the mortgagee may designate. Until further notice, the mortgagee hereby designates the place of payment to be the Branch address of The Bank of Nova Scotia as shown above.

Statutory Covenants and Conditions Excluded: ALL

Optional Covenants and Conditions Included: SMC - 2399

The mortgagor mortgages (subject to the specified limitation) to the mortgagee in the specified manner of tenure the specified parcel to secure repayment of the principal sum with interest as well after as before maturity as specified.

The mortgagor and the guarantor acknowledge(s) receipt of the text of the covenants and conditions which are contained in this mortgage by reference to a distinguishing number or by virtue of subsection 25(4) of the Land Titles Act, and agree(s) to be bound by them to the same extent as if set out at length herein.

(The spouse of the mortgagor joins in this instrument and consents to this disposition for the purpose of complying with Section 19 of the *Marital Property Act*.)

Dated _____, _____.

WITNESS:
X _____

X _____

X _____

X _____

X _____

Mortgagor:
X _____

X _____

Spouse of:
Name of mortgagor _____

X _____

X
Guarantor

X
Guarantor

SCHEDULE "G"

to a Mortgage made between

and **SCOTIA MORTGAGE CORPORATION** dated

2A. Interest Rate (Supplement to section 2A of the Optional Covenants and Conditions) – At the time you sign this mortgage, the Variable Rate Mortgage (VRM) Base Rate is _____% per annum with a variance of _____ % per annum and therefore the interest rate payable on the loan amount is _____% per annum calculated half-yearly not in advance.

3A. Monthly Loan Payments (Supplement to section 3A of the Optional Covenants and Conditions) – At the time you sign this mortgage your initial monthly loan payment based on the interest rate indicated in clause 2A above is \$_____.

Complete only if applicable:

2D. Progress Draw Construction Mortgage (Supplement to section 2D of the Optional Covenants and Conditions) – At the time you sign this mortgage, the interest rate during the initial interest-only term is the Prime Rate of _____% per annum plus _____ % per annum and therefore the interest rate payable on the loan amount during the initial interest-only term is _____% per annum calculated half-yearly not in advance but payable monthly.

CERTIFICATE OF EXECUTION

Land Titles Act, S.N.B. 1981, c. L-1.1, s.55

Notary Public: _____
(Name)

(Address)

Jurisdiction: _____

Place of Residence of
Notary Public: _____

Person Who Executed
the Instrument: _____
(Name)

(Name)

Place of Execution: _____

Date of Execution: _____

I, the notary public, a Notary Public in and for the jurisdiction specified above and residing at the place of residence specified above, do hereby certify:

1. That the person(s) who executed the attached instrument personally appeared before me;
2. That the person(s) is/are known to me or the person's (persons') identity has been proved to my satisfaction;
3. That I explained to the person(s) the contents of the attached instrument to the best of my professional abilities;
4. That, after receiving the explanation, the person(s) executed the attached instrument voluntarily at the place and on the date specified above;
5. That the person(s) acknowledged that he/she (they) or she is/are of the age of majority;
6. That I have ascertained that the name by which the person(s) is/are identified in the attached instrument is(are) the person's (persons') name(s) in accordance with the Naming Conventions Regulation under the Land Titles Act, and
7. That I have signed the attached instrument next to the signature(s) of the person(s) for whom this Certificate of Execution has been prepared, with my name printed legibly underneath my signature.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Notarial Seal.

Place: _____

Date: _____

*Notary Public: _____
Signature

* Certificate must be taken before a Notary Public in and for the place where taken and he/she must impress his/her official seal here.

AFFIDAVIT OF CORPORATE EXECUTION

Land Titles Act, S.N.B. 1981, c. L-1.1, s.55

Deponent: _____
(name)

(address)

Office Held by Deponent: _____

Corporation _____
(name)

Other Officer Who Executed the Instrument: _____
(name)

(address)

Office Held by Other Officer Who Executed the Instrument: _____

Place of Execution: _____

Date of Execution: _____

I, the deponent, make oath and say:

1. That I hold the office specified above in the corporation specified above, and am authorized to make this affidavit and have personal knowledge of the matters hereinafter deposed to;
2. That the attached instrument was executed by me (and the other officer(s) specified above) as the officer(s) duly authorized to execute the instrument on behalf of the corporation;

DELETE INAPPLICABLE CLAUSE

3. That the seal of the corporation was affixed to the instrument by order of the Board of Directors of the corporation;

OR

That the corporation has no seal;

4. That the instrument was executed at the place and on the date specified above;
5. That the ownership of a share of the corporation does not entitle the owner thereof to occupy the parcel described in the attached instrument as a marital home.

Date of Execution: _____

SWORN TO at _____)

In the Province of _____)

On _____, _____)

Before Me: _____)

)

_____) _____

Commissioner of Oaths Being a Solicitor

* Notary Public

*Where Affidavit is sworn outside New Brunswick, it must be sworn before a Notary Public in and for the place where sworn and he/she must impress his/her official seal here.

AFFIDAVIT OF MARITAL STATUS

Land Titles Act, S.N.B. 1981, c. L-1.1, s.81

Deponent:

_____)
(name)

_____)
(address)

_____)
(name)

_____)
(address)

(Spouse of Deponent:

_____)
(name)

_____)
(address)

(Date of Domestic Contract:

_____)

(Date of Court Order:

_____)

I/WE, the deponent, make oath and say:

- 1. That I am (we are) a person(s) conveying an interest in the attached instrument and have personal knowledge of the matters hereinafter deposed to;

DELETE INAPPLICABLE CLAUSES

- 2. That I am (we are) not married;

OR

That the name of my spouse is as specified above;

- 3. That I/we have no former spouse with a right under the Marital Property Act to any interest in or possession of the subject land;

- 4. That the subject land has (not) been occupied by me and my spouse as our marital home;

- 5. That my spouse has joined in this instrument and has consented to the disposition for the purpose of complying with section 19 of the Marital Property Act,

OR

The signature of my spouse is not required because

my spouse has released all rights to the marital home by reason of a domestic contract dated as specified above.

OR

the marital home has been released by order of The Court of Queen's Bench of New Brunswick dated as specified above, pursuant to paragraph 23(1)(b) of the Marital Property Act.

OR

this disposition has been authorized by The Court of Queen's Bench of New Brunswick by order dated as specified above.

(SEVERALLY) SWORN TO at the _____ of)

_____ in the _____)

of _____ on the _____)

day of _____, _____)

Before Me: _____)

)

)

Commissioner of Oaths Being a Solicitor

*Notary Public

*Where Affidavit of Marital Status is taken outside New Brunswick, it must be taken before a Notary Public in and for the place where taken and he/she must impress his/her official seal here.

OPTIONAL COVENANT AND CONDITIONS NO. SMC-2399

DEFINITIONS

In this set of optional covenants and conditions and in any schedules attached to a Form 15 Mortgage: **mortgage** means the Form 15 Mortgage in which this set of optional covenants and conditions is referred to by its filing number, any schedules attached to the Form 15 Mortgage and this set of optional covenants and conditions; **you** and **your** mean each person who has signed this mortgage as mortgagor; **we, our** and **us** mean the mortgagee, Scotia Mortgage Corporation; **your property** means the specified parcel(s) on the Form 15 Mortgage (the "mortgage"), all buildings now or later on it and anything now or later attached or fixed to the buildings or the land, including additions, alterations and improvements; **loan amount** means the principal sum loaned to you that is outstanding from time to time, **year of the term of the mortgage** means a twelve month period starting on the Interest Adjustment Date or on an anniversary of that date; **term of the mortgage** means the period starting on the Interest Adjustment Date and ending on the day before the final payment date in the mortgage.

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

1. ADDITIONS, ALTERATIONS OR IMPROVEMENTS TO AND USE OF YOUR PROPERTY.

No significant additions, alterations or improvements may be made by you without our prior written consent.

Use of Your Property - You may of course continue to remain in possession of your property. However, if you default in any of your obligations to us under this mortgage, we have the right to take immediate possession.

You will not use your property for any business purposes, without our prior written consent.

2. INTEREST.

A. Interest Rate – The interest rate payable by you on the loan amount is a variable rate, expressed as a rate per annum equal to our Variable Rate Mortgage (VRM) Base Rate with a variance of plus or minus the percentage per annum specified in Schedule "G". Our VRM Base Rate varies from time to time, as the Prime Rate of The Bank of Nova Scotia varies.

Interest is calculated half-yearly 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 on the day The Bank of Nova Scotia Prime Rate changes. Wherever this mortgage refers to the interest rate payable on the loan amount, that expression means the VRM Base Rate from time to time plus or minus the number of percentage points per annum set out in Schedule "G" payable as set out above.

The interest rate payable on the loan amount, as specified in Schedule "G" (VRM Base Rate plus/minus the number of percentage points set out in Schedule "G"), as calculated half-yearly not in advance, will remain in effect after you have signed this mortgage until it is varied as provided herein.

How Your Can Determine the Interest Rate - After each VRM Base Rate change we will mail a notice to you showing your new rate and the date it became effective, and your new payment amount. The notice will be sent to your last known address shown in our records, within 30 days of the interest rate change. However, our failure to mail you a notice or the fact that you do not receive it will not prevent the rate from varying or the payment amount from varying. The VRM Base Rate in effect at any time is available at any branch of The Bank of Nova Scotia in Canada or at www.scotiabank.com.

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

C. All interest and compound interest is a charge on your property.

D. Progress Draw Construction Mortgage - If this is a Progress Draw Construction Mortgage, the annual interest rate of your mortgage, during the initial interest-only term, will be a variable interest rate equal to the Prime Rate of The Bank of Nova Scotia (the "Prime Rate") plus the percentage set out in Schedule "G". Interest will be payable monthly and calculated half-yearly, not in advance. Your interest rate will vary automatically, without notice to you, on the day the Prime Rate changes. The Prime Rate in effect at any time is available at any branch of The Bank of Nova Scotia in Canada or at www.scotiabank.com.

The initial interest-only term is defined as the 12 month period following the date of your 1st loan advance or the period from the date of your 1st advance to the date your mortgage is at least 85% advanced, whichever is shorter.

3. HOW YOU WILL REPAY YOUR LOAN.

A. Payment – You shall repay the loan amount and all interest due and payable on it to us in Canadian dollars. The interest rate payable is described in section 2A of these Optional Covenants and Conditions and in any supplement to section 2A in Schedule “G”. If this is a Progress Draw Construction Mortgage, the interest rate during the initial interest-only term is described section 2D of these Optional Covenants and Conditions and in any supplement to section 2D in Schedule “G”.

B. Interest Payable Prior to your First Regular Payment Due Date - Before your term start date, you will pay us interest, at the rate payable on the loan amount, calculated half-yearly, not in advance, on all money we have advanced to you. At our option, such interest may be deducted from subsequent advances. Interest will be computed from the date of each advance and will become due and payable in monthly installments starting one month from the date of the 1st advance and continuing each and every month thereafter until the first regular payment due date or term start date for your conversion product term, if this is a Progress Draw Construction Mortgage.

If more than one month will elapse from the advance date (or your last interest-only payment date during the initial interest-only term, if this is a Progress Draw Construction Mortgage) to your 1st regular payment due date, you will owe interest for the period separately. At our option, such interest will be due and payable one month prior to the 1st regular payment due date or on the 1st regular payment due date or it may be deducted from subsequent advances.

C. Payments After the Interest Adjustment Date - The principal sum together with interest calculated from the Interest Adjustment Date shall become due and be paid by you in regular monthly loan payments.

You will make regular monthly loan payments to us beginning on the date specified as Payment Dates on the Form 15 Mortgage and continuing monthly thereafter until the date shown on the Form 15 Mortgage as the Maturity Date. 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 initial monthly loan payment, based on the interest rate described in section 2A of these Optional Covenants and Conditions and in any supplement to section 2A in Schedule “G”, is indicated in Schedule “G”. 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 on the date of the change. After each VRM Base Rate change, we will mail you a notice as outlined in section 2A of these Optional Covenants and Conditions. If there is no change to the VRM Base Rate, your payment amount will not change and we will not send you a notice.

You will pay the balance of the principal sum together with all the interest due and payable, on the date shown on the Form 15 Mortgage as the Maturity Date.

D. Application of Monthly Loan Payments - Each monthly loan payment will be used: **first**, to pay interest due and payable and **next**, to reduce the principal amount.

E. Early Payment on Sale or Mortgage - If you sell, transfer, mortgage or charge your property, we may, at our option, require you to pay all the money that you owe us under the mortgage immediately, unless we have given our prior written consent to the sale, transfer, mortgage or charge. If we consent to the sale, transfer, mortgage or charge and do not require you to immediately pay all the money that you owe us under the mortgage, your obligations to us under the mortgage and our rights against you or anyone else who is liable for the payment of money owing under the mortgage, are not affected.

A consent to a sale or transfer of your property is **not** a consent to an assumption of the mortgage nor a consent to release you from your obligations under the mortgage. In the event of a sale or transfer of your property, in whole or in part, or of any interest in your property to a transferee, the mortgage will **not** be considered assumed unless:

- (i) you apply in writing for our approval to the transferee and the terms and conditions of the sale or transfer, and
- (ii) we approve in writing the transferee, and
- (iii) we approve in writing the terms and conditions of the sale or transfer, and
- (iv) the transferee enters into an assumption agreement or credit agreement satisfactory to us, agreeing to assume this mortgage, any amendments to it, and any collateral agreements and to pay the amounts secured and perform all obligations that were to be performed by you (including this obligation) at the time and in the same manner and in all respects be bound by all of the terms, covenants, conditions and obligations of this mortgage, any amendments to it and any collateral agreements.

You will be required to pay us our administration and processing fees which are in effect at the time of any assumption of the mortgage in connection with the preparation of any assumption statement, assumption agreement or any information statement for assumption purposes as well as any other applicable administration and processing fees (refer to the section heading Administration And Processing Fees of these Optional Covenants and Conditions for more information) and any other costs or expenses we incur in

connection with any assumption of the mortgage. Our fees are subject to change at any time without notice. The administration and processing fee amounts in effect from time to time can be obtained from any branch of The Bank of Nova Scotia in Canada.

F. Progress Draw Construction Mortgage - If this is a Progress Draw Construction Mortgage, you will pay interest-only payments, monthly, during the initial interest-only term, starting one month from the date of your 1st advance. Your interest-only payment amount will vary automatically with The Bank of Nova Scotia Prime Rate (as outlined in section 2D above and in any supplement to section 2D in Schedule "G") and will be calculated based on the principal amount advanced so far. Your last interest-only payment amount will be due on the date your mortgage loan is at least 85% advanced or the date that is 12 months from the date of your 1st advance, whichever comes first. At that time, the total loan amount plus all interest owing will become due and payable, unless converted as set out below.

If your Progress Draw Construction Mortgage is not at least 85% advanced on or before the end of the 12 month initial interest-only term, we may, at our discretion:

1. convert your mortgage to the conversion product term as described below
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.

Conversion Product Term – When your mortgage loan is at least 85% advanced or it is 12 months from the date of your first advance, whichever comes first, we will reset your term start date and convert your mortgage to your chosen term, rate type, and repayment schedule, based on the full principal amount, as detailed in your Cost of Borrowing Disclosure Statement for the conversion product term. We will provide you with a confirmation notice, which will set out, among other things, your initial mortgage interest rate, principal & interest payment amount, term start date and maturity date.

G. Prepayment Terms and Conditions – If an Optional Covenant and Condition for Prepayment Terms and Conditions is included in this mortgage, you may prepay your principal amount in accordance with the provisions set out in it.

4. YOUR TITLE TO YOUR PROPERTY.

A. AS OWNER OF YOUR PROPERTY, you certify that:

- i) You are the lawful owner of your property;
- ii) You have the right to convey your property to us;
- iii) There are no encumbrances on the title to your property; and
- iv) There are no limitations or restrictions on your title (excepting only building by-laws, zoning regulations and registered restrictions) to your property.

5. FURTHER ASSURANCES.

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

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

6. WE ARE UNDER NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE.

If we decide, for any reason, that we do not wish to advance the entire principal sum or any part of it to you then we do not have to do so, even though the mortgage is prepared, signed or registered, and whether or not any part of the principal amount has already been advanced. Any advance shall be at the sole discretion of the mortgagee. However, by signing the mortgage you charge all of your interest in your property to us. You will reimburse us, on demand, for all our expenses of investigating the title to your property and preparing and registering the mortgage

7. TAXES.

A. You will make monthly payments to us on account of the property taxes payable on your property so that we may pay the taxes when they become due.

B. We can deduct from the final advance of the principal sum enough money to pay all taxes due on or before the Interest Adjustment Date and which have not been paid on the date the final advance is made.

C. The tax payments will be made on the same dates that your regular monthly loan payments are to be paid to us. Each monthly payment will consist of approximately 1/12th of our estimate of a year's taxes next becoming due and payable. The tax payment may change from time to time to reflect changes in the annual taxes on your property or to reflect an amount that exceeds our estimate of your taxes. The monthly payments should enable us to pay all taxes on or before the annual due date for the taxes. Or, if your taxes

are payable in installments, the monthly payments should enable us to pay each and every installment of taxes on your property on or before the date on which the final installment is due.

D. If, however, the annual due date or the final installment date for the payment of your taxes is less than one year from the Interest Adjustment Date, you will pay us equal monthly payments during that period and during the next 12 months. These equal monthly payments will be based on our estimate of the total taxes payable for both periods so that we will receive enough money from you to pay all taxes for both of those periods.

E. You will send us immediately upon their receipt, all assessment notices, tax bills or tax notices which you receive. Failure to do so may result in additional charges or fees from municipality.

F. We will estimate your property taxes for the year based on information received from you. We may revise the estimate from time to time. You will 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. Or, at our option, we may increase the monthly payment to cover this amount.

G. We will pay your taxes from the monthly payments we receive from you as long as you are not in default under this mortgage. We are not obliged to make tax payments on the due dates or more often than once a year. If you have not paid us enough for taxes, we may still pay the taxes. This will create a debit balance in your tax account. Any debit balance is immediately payable by you. Until paid, any debit balance will be added to the loan amount and will be a charge against your property. We are under no obligation to advise you that a debit balance has been created.

H. We will pay you interest on any credit balance in your tax account. The interest we pay will not be less than that paid by The Bank of Nova Scotia on their 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.

I. We may apply the money in your tax account towards payment of any amount you owe in connection with your mortgage that you fail to pay us when it is due.

J. We may agree not to require you to make property tax payments through us. If this is the case, you agree to pay all taxes directly to the municipality when due and to provide us with a copy of a receipt or other acceptable evidence of payment within thirty (30) days after the due date. We may also verify payment of property taxes directly with the municipality.

8. TRANSFER OF LEASES AND RENTS.

A. If you have leased, or at a later date, lease all or part of your property, then at our request to you in writing, you will transfer and assign to us:

- i) All leases, lease agreements and their renewals (for which you must first obtain our written consent), other than the renewals which are provided for in any lease;
- ii) All rents and other money payable under the terms of all leases and agreements. However, we may allow you to receive the rents so long as there is no default by you in making your payments to us or in complying with your obligations to us under this mortgage; and
- iii) All rights under the leases and agreements as they affect your property.

B. In addition, you confirm that:

- i) You must obtain our prior written consent for any future leases of your property;
- ii) Nothing we do under this section shall put us in possession of your property;
- iii) However, if you default under this mortgage, we have the right to take possession of your property; and
- iv) We are not obligated to collect any rent or other income from your property nor to comply with any term of any lease or agreement.

9. PAYMENTS WE CAN MAKE.

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

If we pay off any claims or encumbrances against your property, we will be entitled to all the rights, equities and securities of the person, company, corporation or Government so paid off. We are authorized to retain any discharge which may be given for six months or more, if we consider it necessary to do so.

10. INSURANCE.

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

If you do not:

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

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

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

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

Any payment of the loan proceeds to the mortgagor shall not operate as a reduction of any money owing or any obligation of this mortgage or amendment to this mortgage.

This paragraph 10 does not apply (and paragraph 25.I. does apply) if your property is a condominium unit.

11. KEEPING YOUR PROPERTY IN GOOD CONDITION.

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

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

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

12. ENVIRONMENTAL PROVISIONS.

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

13. REPAYMENT OF LOAN AMOUNT ACCELERATED.

The loan amount together with all interest which is due and payable and to which we are entitled becomes immediately payable, at our option, if:

- a) You default in paying any regular monthly loan payments, any portion of the loan amount, any interest that is due and payable or any other payment you are obliged to pay us.
- b) You fail to comply with any of your obligations under this mortgage.
- c) Any lien is registered against your property or we receive written notice of any lien that is created as a

result of unpaid property taxes, unpaid condominium maintenance fees, judgements or construction liens or other similar encumbrances.

- d) Your property is abandoned.
- e) Any buildings being erected or additions, alterations or improvements done on your property remain unfinished without work being done on them for 30 consecutive days.
- f) You do or allow anything to be done to lessen the value of your property.

14. APPOINTING A RECEIVER TO RECEIVE INCOME.

If you default in making your regular monthly loan payments or any other payments which you have agreed to make to us, or in complying with your obligations under this mortgage we can, in writing, appoint a receiver to collect any income from your property. We can also, in writing, appoint a new receiver in place of any receiver appointed by us. The receiver is considered to be your agent and his defaults are considered your defaults.

The receiver has the right to:

- Use any legal remedy (taken in your name or our name) to collect the income from your property.
- Take possession of your property or part of it.
- Manage your property and maintain it in good condition.

From the income collected the receiver may:

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

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

15. ENFORCING OUR RIGHTS.

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

- i) **Sue you** – We may take such action as is necessary to collect the unpaid balance of the loan amount, the interest that is due and payable and our expenses.
- ii) **Power of sale** – On giving you four weeks' notice in writing by registered or certified mail and on publishing notice in one of the public newspapers published in the Province of New Brunswick once in each week for four successive weeks and in the Royal Gazette as required by law, we can sell and dispose of your property and the appurtenances or any part of it, by public auction or private contract, for such price or prices, for cash or otherwise, as seems fit to us. All contracts that shall be entered into and all conveyances that shall be signed by us for the purpose of completing any such sale shall be valid notwithstanding the fact that you were not a party or did not consent to them. We may bid and buy at any such sale.
- iii) **Take possession of or lease your property** – We may take possession of your property and lease it on such terms for whatever period we may decide upon.
- iv) **Other remedies** – We may take any other remedy available to us under New Brunswick law.

We will use the net proceeds of the sale or lease after paying all our expenses concerning the taking, recovering or keeping possession of or the sale or lease of your property, to pay ourselves the interest that is due and payable and then to pay off the unpaid balance of the amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale or lease of your property is less than what you owe us plus our expenses, you must pay us the difference.

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

B. Default in your obligations including default in payment – If you default in any obligation under this mortgage we can enforce our above rights and we can enter on your property at any time, without the permission of any person, and make all essential arrangements that we consider necessary to:

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

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

C. Our expenses – You will pay all our expenses of enforcing our rights. Our expenses include our costs of

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

D. Sale of goods – If you fail to:

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

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

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

16. DELAY IN ENFORCEMENT OF OUR RIGHTS.

No delay or extension of time granted by us to you or any other person, in exercising the enforcement of any of our rights under this mortgage does not affect our rights to:

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

17. PROGRESS DRAW CONSTRUCTION MORTGAGE / PROPERTY IMPROVEMENTS / NEW CONSTRUCTION PROPERTY COMPLETION.

If you are having any buildings constructed on your property or improvements made to your property, you will have them constructed or completed only according to the plans and specifications approved in writing by us in advance. We do not assume any responsibility for the construction of any buildings on your property or the completion of any improvements to your property or for any contractual terms or arrangements made between you and the builder or any contractors/subcontractors. Where applicable, we will make advances as the construction progresses or as the improvements are made, in accordance with the terms provided to you. We will determine whether or not any advances will be made and when they will be made. Any inspection fees incurred are your responsibility and may be deducted from advances. We will hold back sufficient funds to meet provincial lien holdback requirements and/or require our solicitor to do so until the applicable lien filing period has expired. Your solicitor can provide you with the applicable amount of the holdback.

For purchases from a builder, or where a general contractor is building the property, our solicitor must be satisfied that the builder/contractor and the housing unit are registered under a home warranty program prior to disbursement of funds. A copy of the Certificate of Completion and Possession form (executed by both builder/contractor and purchaser) for the unit must be forwarded to us. If you are acting as the contractor and are not a builder, our solicitor will require a copy of the Occupancy Certificate issued by the appropriate authority.

18. RELEASING YOUR PROPERTY FROM THIS MORTGAGE.

We may establish the terms for the releasing of our interest in all or part of your property, from this mortgage whether we receive value for our release or not. This means making a provision for discharging or partially discharging your property. If we release part of your property at any time from this mortgage, the rest of your property will continue to secure the loan amount and all interest payable to us under this mortgage. We are only accountable for money actually received. If we release part of your property at any time from this mortgage, we will either prepare, execute and register a partial discharge of our claim and you or your representative will be provided with confirmation of partial discharge, or, at our sole option, we will prepare and provide you with an executed but unregistered official partial discharge document. You will give us a reasonable time in which to prepare, review, execute and register the partial discharge documents and you will pay our usual administration and processing fees for preparing, reviewing and executing the partial discharge document and, where we elect to register the partial discharge of our claim, our usual administration and processing fees for registering the partial discharge document. You will also pay all costs and other expenses that we incur in connection with the partial discharge of our claim. In the event that we provide you with an unregistered official partial discharge document, you will be responsible for registering the documentation and for all costs relating to such registration. You will also be required to pay any other applicable administration and processing fees (refer to

the section heading Administration And Processing Fees of these Optional Covenants and Conditions for more information). Our fees are subject to change at any time without notice. The administration and processing fee amounts in effect from time to time can be obtained from any branch of The Bank of Nova Scotia in Canada.

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

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

We can release you, any guarantor or any other person from performing any obligation contained in this mortgage or any other security document, without releasing any part of your property secured by this mortgage or any other security. And any such release shall not release any other person from the obligations in this mortgage.

19. RENEWING OR OTHERWISE AMENDING THE MORTGAGE.

We may from time to time enter into one or more written agreements with you (or with any one to whom your property is transferred) to amend the mortgage by extending the time for payment, renewing it or its term for further periods of time, changing the interest rate payable under the mortgage or otherwise altering the provisions of the mortgage.

You agree to pay all money owing under the mortgage on the maturity date or, if we have offered to renew your mortgage, to enter into a renewal agreement with us on or before the maturity date. If you do not, provided that we have not advised you that we will not renew your mortgage, you agree that the mortgage will be automatically renewed on the renewal terms we indicate in the renewal agreement, including all the other terms and conditions stated in the renewal agreement.

Whether or not there are any encumbrances on your property in addition to the mortgage at the time the agreement is entered into, it will not be necessary to register the agreement on title in order to retain priority for the mortgage, as amended, over any instrument registered after the mortgage. Any reference in this set of standard charge terms to the mortgage means the mortgage as amended by any such agreement or agreements.

20. DISCHARGE.

When our interest in your property comes to an end, we will either prepare, execute and register a full discharge of our claim and you or your representative will be provided with confirmation of discharge, or, at our sole option, we will prepare and provide you with an executed but unregistered official discharge document. You will give us a reasonable time in which to prepare, review, execute and register the discharge documents and you will pay our usual administration and processing fees for preparing, reviewing and executing the discharge document and, where we elect to register the discharge of our claim, our usual administration and processing fees for registering the discharge document. You will also pay all costs and expenses that we incur in connection with the discharge of our claim. In the event that we provide you with an unregistered official discharge document, you will be responsible for registering the documentation and for all costs relating to such registration.

When our interest in your property comes to an end and you request that we assign your mortgage, we will prepare and execute an assignment of the mortgage for you. You will give us a reasonable time in which to prepare, review and execute the assignment and you will pay our usual administration and processing fees for preparing, reviewing, and executing the documentation and all costs and expenses we incur in so doing. You will be responsible for registering the assignment documentation and for all costs relating to such registration.

You will also be required to pay any other applicable administration and processing fees (refer to section 21 of these Optional Covenants and Conditions for more information). Our fees are subject to change at any time without notice. The administration and processing fee amounts in effect from time to time can be obtained from any branch of The Bank of Nova Scotia in Canada.

21. ADMINISTRATION AND PROCESSING FEES.

In addition to the administration and processing fees outlined elsewhere in these Optional Covenants and Conditions, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any amending agreement or other type of agreement, or statement for information purposes;
- the processing of any request related to providing our consent, approval, postponement or agreement to any other document or matter affecting title to your property;
- the processing of any third party requests related to your mortgage or property;
- the processing of any material or documentation related to any legal proceeding related to your mortgage or property;
- any failure to have sufficient funds in your account to meet a payment amount, closure of the account

- from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- the replacement of cheques if a payment has been refused because of insufficient funds;
 - providing copies of documents from your file;
 - providing duplicate documents;
 - providing an amortization schedule;
 - the retrieval of information, documents or records from offsite storage at your request;
 - providing a detailed breakdown of your payment history or tax account;
 - any audit verification;
 - any courier charges; and
 - any other special requests by you or third parties for similar services of a clerical or administrative nature.

We will charge you our fees in effect at the time we do the work. You must pay us these fees immediately. If you do not pay us these fees immediately, we will add these fees to the loan amount or we may declare that you are in default on your mortgage, or do both. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available from any branch of The Bank of Nova Scotia in Canada.

In addition to any administration and processing fees, you are responsible for any and all other costs and expenses that we incur in connection with your mortgage. For greater certainty, the charging of an administration and processing fee does not prevent us from engaging external experts, appraisers, consultants, service providers or representatives, including legal representatives, to assist with a matter related to your property and/or your mortgage and you will be responsible for any and all costs and expenses, including legal costs, associated therewith.

22. HEADINGS.

Except as provided in the General Regulation under the Land Titles Act, headings form no part of this mortgage. They are used so that parts of the mortgage can easily be referred to.

23. WHO IS BOUND BY YOUR MORTGAGE.

You agree to observe and be bound by all of the terms and obligations contained in this mortgage. This mortgage will also be binding on your heirs, personal and legal representatives, successors or assigns, our successors, assigns or legal representatives and anyone else to whom your interest is transferred. As well, it will be binding on anyone to whom it is transferred from us. By signing this mortgage as mortgagor, you are collectively and individually (that is jointly and severally) bound to comply with all obligations under this mortgage.

24. GUARANTEE.

In return for the mortgagee making this loan to the mortgagor, the guarantor guarantees the mortgagor's payments including interest, whether or not the interest rate is changed, and compliance with the mortgagor's obligations under this mortgage. If the mortgagor defaults in any payments or any other obligations, the guarantor will pay the mortgagee all of the unpaid payments and comply with all of the obligations which have not been complied with by the mortgagor. The guarantor will be collectively and individually (that is jointly and severally) responsible with the mortgagor for all obligations under this mortgage.

It is understood that the mortgagee can without lessening the guarantor's liability and without obtaining the consent of or giving notice to the guarantor; grant any extensions of time for payment and extensions of the term of the mortgage, including any renewals of the mortgage or its terms for further periods of time; increase the rate of interest payable under this mortgage, either during the initial term or in any subsequent renewal period; release the whole or any part of the property from the mortgage or any other security; otherwise deal with the mortgagor, any other person (including any guarantor), any security (including the mortgage) or the mortgagor's property, including discharging, releasing, realizing on or replacing any security we may hold; waive any provision of the mortgage or change any of the terms of the mortgage at any time during the initial term of the mortgage or in any subsequent renewal period. We may do all of this before or after requiring payment from any person without affecting the guarantee. The mortgagee may require payment under this guarantee without first trying to collect from the mortgagor or any other person (including any guarantor) or any security (including the mortgage). The guarantee of this mortgage shall be binding upon the legal and personal representatives of the guarantor. Where there is more than one guarantor, each guarantor agrees with the mortgagee to be collectively and individually (that is jointing and severally) responsible under this guarantee with any other guarantor and the mortgagor.

25. NO DEDUCTIONS.

You agree that all payments that you make to us or that we ask you to make will be made in full without any set off, abatement, counterclaim, deductions or withholdings whatsoever. You agree that you do not have a right to cancel, offset or reduce any payment or debt by any amount we owe you.

26. IF YOUR PROPERTY IS A CONDOMINIUM UNIT, YOU ARE TO COMPLY WITH THE FOLLOWING OBLIGATIONS.

(In this Section, The Condominium Property Act is called the **Act**. Expressions used below which are the same as those in the Act have the same meaning as those in the Act, except that the expression “**condominium property**” has the same meaning as the word “property” in the Act).

- A.** You will comply with all of the obligations contained in the mortgage except as they may be modified by the Act, the declaration, by-laws and rules of the condominium corporation (the corporation) concerning your property and by the provisions contained in this Section.
- B.** You will comply with the Act, declaration, by-laws and rules of the corporation.
- C.** You will provide us with proof of your compliance from time to time as we may request.
- D.** You will pay the common expenses for your property to the corporation on the due dates. Or, if we exercise our right to collect your contribution towards the common expenses from you, you will pay the same to us upon being so notified. We can accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due.
- E.** You will forward to us any notices, assessments, by-laws, rules and financial statements of the corporation.
- F.** You will provide us, on request, with any documents and information that you receive from the corporation or are entitled to receive.
- G.** You will maintain all improvements made to your unit and repair them after damage.
- H.** You will not do or let anyone else do anything that lowers the value of your property.
- I. Insurance** – In addition to the insurance which the corporation must obtain, you must:
 - i) Insure all improvements which you or previous owners have made to your unit;
 - ii) Obtain insurance for those additional risks that we require;
 - iii) Insure your common or other interest in buildings (whether presently existing or built in the future, both during construction and afterwards) which are part of the condominium property or assets of the corporation if the corporation fails to insure the buildings as required or if we require you to do so;
 - iv) Assign your insurance policies to us and (as far as permitted by law) your interest in the policies held by the corporation;
 - v) Provide us with proof that the required insurance is in force, as well as evidence of any renewal or replacement of the insurance, within fifteen full days before the insurance expires or is terminated.
 - vi) Do all that is necessary to collect insurance proceeds.

Each of your insurance policies (and those of the corporation) must comply with the following:

- Your property must be covered against destruction or damage by fire and other perils usually covered in fire insurance policies for the replacement cost (the maximum amount for which it can be insured) in Canadian dollars;
 - We may stipulate the risks and perils which must be covered and what amounts you must insure for;
 - We may approve the insurance company; and
 - We may say what terms the policy must contain.

With respect to the corporation’s insurance, we have the right to have the insurance proceeds used, as permitted by law, to repair or rebuild the buildings or to repay the loan amount and interest which is due and payable in full or in part or both. If you fail to insure your property as required in this Section, we can, but are not obliged to, obtain any insurance which you are required to obtain. What we pay for this insurance will immediately become payable by you to us. If any loss or damage occurs, you, on behalf of the condominium corporation and yourself, will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. You will seek to ensure the full compliance by the condominium corporation with its duties and obligations under the **Condominium Act** and the Declaration and By-Laws of the condominium corporation.

J. You must pay certain other Expenses – In addition to our other rights and remedies contained in this mortgage you will pay to us on demand, all our expenses in relation to:

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

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

K. Voting Rights – You authorize us to exercise your rights under the Act to vote, consent and dissent. You also authorize us to exercise your rights to:

- Demand the corporation purchase your unit and common interest, where provided under the Act.
- Elect to have the value of your unit and common interest or that of the condominium property determined by arbitration.
- Receive your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements.

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

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

L. Our Additional Rights under this Mortgage – You authorize us to do the following:

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

M. Repayment of your Mortgage may be Accelerated – The loan amount together with all interest which is due and payable and to which we are entitled becomes immediately payable, at our option if:

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

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

N. What we can do on Termination of the corporation – If your property ceases to be governed by the Act:

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

27. CHANGE IN MARITAL STATUS.

The mortgagor covenants with the mortgagee that upon any change affecting the marital status of the mortgagor or the qualification of the lands as a marital home within the meaning of the Marital Property Act, the mortgagor will advise the mortgagee accordingly and furnish the mortgagee with full particulars thereof.

DATED _____, _____

(mortgagor)

TO

SCOTIA MORTGAGE CORPORATION
(mortgagee)

c/o The Bank of Nova Scotia

Branch address _____

Form 15

MORTGAGE

Land Titles Act, S.N.B. 1981, c.L-1.1, s.25
Standard Forms of Conveyances Act, S.N.B. 1980, c.S-12.2, s.2

Solicitors: