

THE REAL PROPERTY ACT STANDARD CHARGE MORTGAGE TERMS

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The following set of Standard Charge Mortgage Terms shall be deemed to be included in every mortgage in which this set is referred to by its filing name and filing number of registration, as provided in Section 93 of the above Act.

1 DEFINITIONS

In this set of standard charge mortgage terms and in the Mortgage (Form 11) and any schedules attached to the Mortgage (Form 11), **mortgage** means the mortgage (Form 11), any schedules attached to it and this set of standard charge mortgage terms. **You and your** mean each person who has signed the mortgage as Mortgagor or Covenantor. **We, our** and **us** mean The Bank of Nova Scotia, the Mortgagee. **Obligations secured** means the debts and liabilities described under the heading **Payment Provisions** in a schedule attached to the Mortgage (Form 11). **Property** means the property described under the heading **Land** in the Mortgage (Form 11) or any schedules attached to it and anything else included under the heading **Description of Property Covered** below.

2 DESCRIPTION OF PROPERTY COVERED

Any buildings on the property described in the mortgage and any other property that is at any time attached or fixed to the land or buildings or placed on and used in connection with them is covered by the mortgage. Additions, alterations and improvements to the buildings are also covered by the mortgage.

3 OUR SECURITY

(a) What the mortgage does. – If this is a freehold mortgage, you hereby mortgage the property to us, as security for the repayment of the obligations secured.

If this is a leasehold mortgage, you hereby mortgage and sub-lease the property to us, for and during the unexpired residue of the term of the lease, except the last day thereof, and all other estate, term, right of renewal and other interests you may have in the lease, as security for the repayment of the obligations secured. You will hold in trust for us the last day of the term of the lease and any option to purchase or renew granted by the lease and any other interest you may have in the property, and you will transfer them to us or anyone we may name if we ask you to do so. We may at any time in writing and without cause remove any trustee and appoint a new trustee or trustees of the trust of the last day of the term of the lease and any option to purchase or renew granted by the lease and any other interest you may have in the property. You will not without our prior written consent allow your interest to become merged in the landlord's interest and if you acquire that interest you will mortgage it to us. You will exercise any option granted by the lease to purchase the property or renew the lease if and when we ask you to do so and do everything needed to complete the purchase of the property or renew the lease. You will mortgage the property purchased or the renewed lease to us. You irrevocably appoint us your attorney to do any of the things you must do under this paragraph, but we are under no obligation to do them.

The mortgage secures a current or running account. Although the mortgage is not satisfied or discharged by any intermediate payment of all or part of the obligations secured but is a continuing security for payment of the obligations secured, our interest in the property under the mortgage will end when:

- (i) you have repaid the obligations secured on our demand and repaid all additional amounts to which we may become entitled under the mortgage, and
- (ii) you have fulfilled all of your other obligations to us under the mortgage, and
- (iii) we have signed and delivered to you a discharge of the mortgage.

You may remain in possession of the property as long as you are not in default under any of the obligations secured or under any agreements evidencing or securing the obligations secured and as long as you meet all your other obligations to us under the mortgage.

(b) Your title to the property. – If this is a freehold mortgage, you certify that you own the property; that you have the right to mortgage the property to us; and that there are no restrictions,

limitations or encumbrances on your title to the property or on your ability to mortgage the property to us, except as set out in Box 13 of the Mortgage (Form 11).

If this is a leasehold mortgage, you certify that you are entitled to the term created by the lease and any options to purchase or renew granted by the lease, a copy of which you have provided to us; that the lease is valid and in force; that the tenant's obligations are complied with; that you have the right to sublease the property to us and create the trust of the last day of the term of the lease and any option to purchase or renew granted by the lease and any other interest you may have in the property and have obtained any necessary consent to do so; and except as expressed in the lease that there are no restrictions, limitations or encumbrances on your title to the term and options or on your ability to sublease the property to us or create the trust of the last day of the term of the lease and any option to purchase or renew granted by the lease and any other interest you may have in the property except as set out in the lease or in the mortgage.

You will not do anything that will interfere with our interest in the property, and you will sign any other documents which we think are necessary to mortgage to us your interest in the property and, in the case of a leasehold mortgage, any other documents we think are necessary to sublease the property to us and create the trust set out above.

(c) Effect of this mortgage on other obligations. – The mortgage does not release you from or alter any of your other obligations to us or agreements with us. The mortgage does not affect any other security we hold for the payment of the obligations secured, or any other right we may have to enforce the payment of the obligations secured. Our acceptance of the mortgage or our giving credit secured by the mortgage does not mean we must make credit available or continue to do so.

(d) Effect of sale or transfer of property. – If you sell or transfer the property, then, at our option, you will immediately pay to us all of the obligations secured under the mortgage and, if we do not require you to pay to us the obligations secured under the mortgage, your continued liability and responsibilities under the mortgage and our rights against either you or anyone else who is liable for the payment of any of the obligations secured are not affected.

(e) Effect of subdivision. – If the property is subdivided, each part of the property will secure payment of the total amount of the obligations secured.

4 YOUR RESPONSIBILITIES AS TO THE PROPERTY

(a) Taxes and other charges. - You will pay all taxes on the property when they are due. You will immediately give us a receipt showing that they have been paid if we ask for it. You will pay all charges, mortgages and other encumbrances on the property when they are due and comply with your other obligations under them. If you do not pay any taxes, charges, mortgages or other encumbrances when they are due, we may pay them and charge to you the amount paid as an additional amount secured under the mortgage.

(b) Insurance. - You will insure with an insurer satisfactory to us and under a policy satisfactory to us all buildings covered by the mortgage against loss or damage by fire, extended perils and other perils usually covered in fire insurance policies. If there is a steam boiler or sprinkler system in those buildings, your insurance must cover loss or damage caused by an explosion of the boiler and equipment operated by it or caused by the sprinkler system. You will insure against any other risks which we require you to insure against. The buildings must be insured for the replacement cost in Canadian dollars.

If we think it is necessary we can require you to cancel any existing insurance on the property, and to provide other insurance which meets our approval. You will assign any insurance you have on the property, or the proceeds of that insurance, to us at our request. You must give us proof that you have insured as required above and you must at least 10 days before any insurance expires or is terminated give us proof that you have renewed or replaced it. If you fail in any way to comply with these obligations, we may (but are not obliged to) obtain insurance on your behalf and charge the amount of any premium to you as an additional amount secured under the mortgage. If loss or damage occurs, you will provide us with all necessary proofs of claim and do everything else necessary to enable us to obtain payment of insurance proceeds. Insurance proceeds may, subject to any law, in whole or in part, at our option, be used to rebuild or repair damaged buildings or be used to reduce all or part of the obligations secured.

(c) Keeping the property in good condition. - You will keep the property in good condition and make any repairs that are needed. You will not do anything, or let anyone else do anything, that lowers the value of the property. If you do not keep the property in good condition, or if you do anything, or anyone else does anything that lowers the value of the property, we may make any needed repairs and charge the cost of them to you as an additional amount secured under the mortgage.

(d) Construction of buildings. - If you are having any buildings or improvements constructed on the property, you will have them constructed only in accordance with plans and specifications approved in writing by us in advance. You must complete those buildings or improvements as quickly as possible.

(e) Legal requirements. - You will observe and conform to all laws and requirements of any government authorities relating to the property. If you fail in any way to comply with these laws and requirements, we may (but are not obliged to) comply with them on your behalf and charge our costs of doing so to you as an additional amount secured under the mortgage.

(f) Condominiums. - The following additional provisions apply to any condominium unit that is part of the property. In the mortgage, The Condominium Act of Manitoba as amended or re-enacted is called the "Act". Expressions used in provisions of the mortgage

dealing with a condominium unit 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.

(i) You will comply with the Act and the declaration, by-laws and rules of the corporation. You will provide us with proof of your compliance from time to time as we may request. You will forward to us copies of any notices, assessments, by-laws, rules and financial statements of the corporation. You will provide us, on request, with any other documents and information that you receive from the corporation or are entitled to receive. You will maintain all improvements made to your unit and repair them after damage.

(ii) You will insure all improvements which you or previous owners have made to your unit and insure your common or other interest in buildings which are part of the condominium property or assets of the corporation if the corporation fails to insure the buildings as required by the Act and the declaration, by-laws and rules of the corporation. These obligations are in addition to your obligations as to insurance under the heading **Insurance** as far as they apply to a condominium unit.

(iii) You authorize us to exercise your rights under the Act to vote and to consent. If we do not exercise your rights, you may do so, but you will do so according to any instructions we may give you. We may at any time revoke any arrangement we make for you to vote or to consent. You also authorize us to inspect the corporation's records. Nothing done under this paragraph puts us in possession of your property.

(iv) If you do not comply with the Act and the declaration, by-laws and rules of the corporation, we may comply with them and charge our costs of doing so to you as an additional amount secured under the mortgage. If we pay common expenses, we can accept statements that appear to be issued by the corporation as conclusive evidence of the amount of those expenses and the dates they are due. You will pay us on demand as additional amounts secured under the mortgage 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 and the declaration, by-laws and rules of the corporation and our exercising any voting rights we may have.

(g) Tenant's Obligations. - The following additional provisions apply if this is a leasehold mortgage.

(i) You will pay all rent and other amounts due under the lease when they are due. You will immediately give us a receipt showing that they have been paid if we ask for it.

(ii) You will comply with your other obligations under the lease. If you do not comply with your other obligations under the lease, we may comply with them and charge the cost of doing so to you as an addition to the amount secured under the mortgage.

(iii) You will not surrender the lease nor make any changes to the lease without first obtaining our written consent.

(iv) You will notify us immediately if your landlord advises you of early termination or takes any steps to effect termination of the lease.

5 ASSIGNMENT OF LEASE(S)

You will assign to us upon our request, as additional security for payment of the obligations secured and the performance of your obligations under the mortgage, any present or future lease(s) which may be granted by you on the whole or any portion of the property and you will deliver to us upon our request executed copies of all such leases. You will perform and comply with all lessor's obligations contained in any leases assigned by you to us. You agree that none of our rights or remedies under the mortgage will be delayed or in any way hindered or prejudiced by such assignment or assignments or by any act of ours relating thereto.

6 ASSIGNMENT OF RENTS

(a) You will assign and set over to us upon our request all rents and other monies payable from time to time under all leases of the property or any part thereof, whether presently existing or arising in the future, together with the benefit of all covenants, agreements and terms contained in the leases, in favour of us.

(b) You will execute and deliver to us an assignment in registrable form of all rents payable under such lease(s). You will also execute and deliver to us all such notices and other documents as may be required in order to render such assignment effective in law.

(c) We are not obliged to collect any rent or other income from your property nor to comply with any covenant, agreement and term of any lease or agreement.

(d) Nothing we do under this paragraph shall deem us to be a mortgagee in possession of the property.

(e) We shall only account for such rents as are actually received by us less reasonable collection charges. We may apply such rents to the repayment of the obligations secured.

(f) No lease of the property or any part thereof made by you without our written consent shall have priority over the mortgage.

7 ENFORCING OUR RIGHTS

If you fail to comply with any of your obligations under the mortgage, we may enforce our rights in any of the ways set out below. These provisions do not limit any other rights given to us by law or the mortgage. We may enforce this and any other security we may have for any of the obligations secured, and enforce our rights under the mortgage, at the same time or at different times and in any order we choose.

(a) You will make immediate payment. - You will immediately pay to us all of the obligations secured if any part of the obligations secured is not paid when it is due or if you fail to comply with any of your obligations under the mortgage or any other agreement to which you and we are parties.

(b) We may sue you. - We may take such legal action as is necessary and permitted by law to collect the obligations secured.

(c) We may take possession of or lease the property and collect rents. - If you default in making any payment of the obligations secured for one month, we may take possession of the property, collect rents from it or lease it on such terms and for whatever period we may decide upon up to any maximum period allowed by law.

(d) Power of sale. - If you default in making any payment of the obligations secured for one month, we can on one month's notice given in the manner required by law, apply to a district land titles registrar for an order permitting us to sell all or part of the property.

(e) Foreclose upon your property. - If you default in making any payment of the obligations secured for six months, we may, after taking the steps required by law to sell the property, apply to foreclose the property. If we obtain a final order for foreclosure, the property will become our property.

(f) We may appoint a receiver. - We may appoint in writing a receiver (which term wherever used in the mortgage includes a receiver and manager), on any terms (including remuneration), that we think are reasonable, to do any or all of the things which we are permitted to do under the mortgage. We may make the appointment even if we have taken possession of the property. We may also, in writing, remove a receiver appointed by us and appoint a new receiver. The receiver is considered to be your agent and not ours; his defaults are considered your defaults and not ours. Nothing done by the receiver puts us in possession of the property or makes us accountable for any money except money we actually receive.

The receiver has the right to use any legal remedy (taken in your name or our name) to collect the income from the property, take possession of the property or part of it, manage the property and any business conducted on the property and maintain the property in good condition, lease the property or any part of it, enforce any of our rights under the mortgage which we delegate to him, and borrow money on the security of the property in priority to the mortgage for these purposes.

(g) Leasehold property. - The following additional provisions apply if this is a leasehold mortgage.

(i) If you default in making any payment of the obligations secured for one month, we may enter on and hold and enjoy the property for the residue of the term of the lease or any renewal thereof without any interference by you or any other person.

(ii) We may, whether in connection with our exercise of the power of sale provisions contained herein or otherwise, assign the lease and convey the property.

(iii) We may sell the unexpired term of the lease or any part thereof at public auction, by public tender or by private sale, either for cash or upon credit and upon such terms and conditions as we may determine, and we may execute and deliver to any purchaser good and sufficient deeds and documents for the same. You irrevocably constitute and appoint the Manager or Acting Manager for the time being of the Branch of the Bank referred to on page 1 of the mortgage your attorney for the purpose of making any such sale and executing such deeds and documents,

(iv) You will, at our request but at your expense, grant and assign to us or to whom we may direct, the last day of the term of the lease or any renewal thereof. You irrevocably constitute and appoint the Manager or Acting Manager for the time being of the Branch of the Bank referred to on page 1 of the mortgage your attorney for the purpose of so assigning the last day of the term of the lease or any renewal thereof.

(h) Other. - We may take any other remedies available to us under law.

We will use the proceeds of sale or lease to reduce or repay the obligations secured and will pay you any balance remaining after our claim and any other claims have been satisfied. If the amount we receive from the sale or lease of the property is less than what you owe, you will immediately pay the difference to us.

You will not make any claims concerning the sale or lease against the buyer or lessee or their successors in title. If you do have any claims concerning a sale or lease by us, you will make them only against us and only for money damages.

(i) We may recover our expenses. - You will pay us on demand, as additional amounts secured under the mortgage, our expenses incurred:

(i) under the headings **Taxes and other charges, Insurance, Keeping the property in good condition, Condominiums, Legal Requirements and Tenant's Obligations,**

(ii) in negotiating the mortgage, investigating title to the property and preparing and registering the mortgage,

(iii) in collecting payment after default of the obligations secured, and

(iv) in enforcing our rights under the mortgage, including our reasonable legal fees on a solicitor and own client basis and interest on the total amount of our above expenses from the date we incur them to the date you pay them to us at the maximum rate stated in any schedule attached to the Mortgage (Form 11), calculated on a daily basis and payable monthly, both before and after demand or default and judgment and interest on overdue interest at the same rate and calculated and payable in the same way. We may deduct our expenses from any money we owe you.

8 WE MAY USE PROCEEDS TO REDUCE ANY OBLIGATION

We may apply the proceeds we receive from enforcing our rights under the mortgage to reduce or repay any of the obligations secured in such manner as we may decide.

9 WE MAY OPEN A SEPARATE ACCOUNT

If we learn that you have disposed of or encumbered the property or any part of it, we may close your account at the amount then due to us. We may open a new account for advances and payments subsequently made and received by us. No amount paid in or credited to the new account will be applied to or have the effect of reducing or repaying any of the obligations secured due to us on the closed account when we learned of the subsequent disposition or encumbrance.

10 DELAY, RELEASES AND PARTIAL DISCHARGES

We may delay enforcing any of our rights under the mortgage or the obligations secured or any agreement evidencing or securing the obligations secured without losing or impairing those rights. We can waive any breach of your obligations under the mortgage or the obligations secured or any agreement evidencing or securing the obligations secured without losing our rights in respect of any breach of your obligations.

We may release others on any terms from any liability to repay the obligations secured without releasing you. We may on any terms discharge any part of the property from the mortgage and, if we do so, the remainder of the property not discharged will secure the total amount of the obligations secured.

11 DISCHARGE OF THE MORTGAGE

We will discharge the mortgage if you pay us the obligations secured on our demand. You will give us a reasonable time after payment in which to prepare and sign the discharge. You must pay our expenses of having it prepared and of signing it. You are responsible for registering it.

12 EFFECT OF JUDGMENTS

If we obtain a court judgment against you for your failure to pay any of the obligations secured or to perform any of your obligations to us under the mortgage, the judgment will not result in a merger of your obligations under the mortgage with the judgment or take away any of our other rights to enforce the mortgage. We will continue to be entitled to receive interest on the obligations secured at the agreed rate, calculated and payable in the agreed way, and the judgment may so provide.

13 OUR RESPONSIBILITY

We are not responsible for any loss arising in the course of our enforcing our rights under the mortgage unless it results from our wilful neglect or default.

14 HOW WE MAY MAKE DEMANDS OR GIVE NOTICES

Where the mortgage allows or requires us to make a demand on or give a notice to any person (including you), unless otherwise required by law, we may make the demand or give the notice by delivering it personally to the person (where the person is a corporation, by delivering it personally to a director, officer or employee of the corporation) or by mailing it by prepaid registered mail addressed to the person at the person's last known address.

A notice or demand so delivered will be regarded as given or made when it is so delivered to the person or to the director, officer or employee of the corporation. A notice or demand so mailed will be regarded as given or made on the third business day after the day it is mailed, whether the person receives it or not.

15 WHO IS BOUND BY THE MORTGAGE

The mortgage will be binding on your heirs, executors, administrators, successors and assigns and anyone else to whom your interest in the property is transferred. It will be binding on our successors and assigns and anyone to whom it is transferred from us. All our rights under it may be enforced by anyone to whom it is transferred from us.

If more than one person signs the mortgage, each person is jointly and severally bound to comply with all obligations of the mortgagor under the mortgage.