

Land Titles Act (Alberta)

Set of Standard Mortgage Terms

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These mortgage terms shall be deemed to be included and form part of every mortgage where so indicated in the Mortgage Form (as defined below) pursuant to Sections 113 and 114 of the *Land Titles Act* (as defined below). The terms of this set of standard mortgage terms may be modified by additions, amendments or deletions in the schedule attached to the Mortgage Form.

This document sets out important terms which apply to the Mortgage and are actually part of the Mortgage. It is recommended you read this carefully, and you may want to discuss the terms of the Mortgage with a lawyer.

This document describes the person who is being loaned money and pledging the Mortgage on your Property as “You” or “you”. The definition of “you” also includes “your”. ‘You’ also includes anyone who guarantees your payments and promises.

The Mortgagee is lending you money and the Mortgagee is protecting its interests through the Mortgage on your Property, which gives the Mortgagee certain rights, if you do not do what you promise to do. The specific terms that apply to your Mortgage (for example, the interest rate) are set out in a document that you sign and is registered. This is called the Standard Mortgage Form.

Generally, when a word is capitalized, the word is defined in Article 1. You should read Article 1 carefully.

PART A - GENERAL PROVISIONS (Applicable to all Mortgages)

ARTICLE 1

DEFINITIONS

1.01 Definitions

In this set of Standard Mortgage Terms and in any Mortgage incorporating these Standard Mortgage Terms, the following words have the following meanings:

"Amendment" means any document or agreement Approved by both you and Mortgagee that changes any term of the Mortgage, including, without limitation, changes to the amount of a Regular Payment, changes to the frequency of payments and any agreement renewing or extending the Mortgage.

"Approved" means agreed to in writing. "Approve, "Approves" and "Approval" have corresponding meanings.

"Balance Due Date" means the date the Principal Amount is due and payable as indicated in the Mortgage Form or other date Approved by you and Mortgagee. This date is the same date as the Last Payment Date.

"Business Day" means a day other than a Saturday or a Sunday, on which the principal commercial banks in Calgary, Alberta are open for commercial banking business during normal banking hours.

"Bylaws" means the bylaws that were registered pursuant to the *Condominium Property Act* or any predecessor legislation.

"Collateral Loan Debt" means all present and future amounts owing by you to Mortgagee other than Fixed Rate Debt and Variable Rate Debt, including Interest, pursuant to a Mortgage on the Property, a line of credit agreement, loan agreement, guarantee or any other document that you have agreed will be secured by the Property. Without limiting the previous sentence, Collateral Loan Debt includes any debt, past, present or future, direct or indirect, absolute or contingent, matured or not, remaining unpaid by you to Mortgagee, in any currency, whether arising from dealings between you and Mortgagee or from any other dealings or proceedings by which Mortgagee may in any manner be or become your creditor, however incurred, whether incurred by you alone or with others and whether as principal or as surety.

"Collateral Loan Interest Rate" means the annual interest rate applicable to a Collateral Mortgage as indicated in the Credit Documents.

"Collateral Loan Principal Amount" means the portion of the Principal Amount that bears Interest at the Collateral Loan Interest Rate set out in the Credit Documents.

"*Collateral Mortgage*" means the portion of a Mortgage securing Collateral Loan Debt.

"*Commitment*" means a document Approved by both you and Mortgagee in which Mortgagee commits to providing you with mortgage financing, including an advance, a loan or a line of credit, which sets out the terms of that mortgage financing and which may include the disclosure of the cost of borrowing mandated by the *Trust and Loan Companies Act* (Canada) and *Fair Trading Act* (Alberta).

"*Common Expenses*" means the expenses related to the performance of the objects and duties of the Condominium Corporation and all expenses specified as common expenses in the *Condominium Property Act* or in the Bylaws.

"*Condominium Property Act*" means the *Condominium Property Act* (Alberta) (as amended or replaced).

"*Condominium Corporation*" means the condominium corporation that was created by the registration of the condominium plan (as defined in the *Condominium Property Act*) on which the Property is a part.

"*Convey*" means sell, convey, dispose of, transfer or lease, or enter into an agreement to sell, convey, dispose of, transfer or lease (whether by operation of law or otherwise); "Conveyed" has a corresponding meaning.

"*Costs*" means any fees, costs, charges and expenses relating to:

- (i) the Approval, preparation, execution and registration of the Mortgage, any document connected with the Mortgage and any Amendment, discharge or transfer of the Mortgage;
- (ii) any amounts Mortgagee is entitled to charge you or pay on your behalf under the Mortgage;
- (iii) any expenses that Mortgagee incurs in enforcing any of its remedies under the Mortgage;
- (iv) any charges of a municipality or other taxing authority for providing Mortgagee with information on Taxes or imposed because Mortgagee (rather than you) is paying Taxes;
- (v) any inspection of the Property;
- (vi) any environmental testing, site assessment, investigation, study or inspection of the Property;
- (vii) all repairs made to the Property;
- (viii) having to take possession and secure, complete and equip any buildings, structures or Improvements on the Property, including completing construction of the Property;
- (ix) the renewal of any leasehold interest;
- (x) the cost of any Receiver;
- (xi) any expenses incurred in removing a builders' lien from title to the Property, obtaining a discharge of a builders' lien or defending a builders' lien action relating to the Property;
- (xii) each late or missed payment and for replacement of each cheque or other instrument not honoured when presented for payment, or any preauthorized payment which does not clear as scheduled;

- (xiii) any mortgage insurance or title insurance; and
- (xiv) all lawyers' fees and disbursements (including those of Mortgagee's in-house lawyers) in any way relating to items (i) through (xiii) on a full indemnity basis;

"Credit Documents" means documents Approved by you and Mortgagee that relate to all or any of Fixed Rate Debt, Variable Rate Debt or Collateral Loan Debt. Credit Documents include the Mortgage, promissory notes, line-of-credit agreements, loan agreements, commitment letters, guarantees, and any other documents that you have agreed will be secured by the Property and any amendments or renewals of those documents.

"Debt" means the sum of Fixed Rate Debt, Variable Rate Debt, Collateral Loan Debt, Costs and all other amounts payable by you under the Mortgage or the Credit Documents.

"Default" means failing to meet any of your Obligations, including, but not limited to if you are unwilling or unable to make a required payment.

"First Payment Date" means the date the first payment is due, as indicated in the Mortgage Form or any other date Approved by you and Mortgagee.

"Fixed Interest Rate" means the annual fixed rate of interest applicable to the Fixed Rate Mortgage as indicated in the Credit Documents.

"Fixed Rate Debt" means the Fixed Rate Principal Amount and Interest under a Mortgage Form having a Fixed Interest Rate.

"Fixed Rate Mortgage" means the portion of a Mortgage securing Fixed Rate Debt.

"Fixed Rate Principal Amount" means the portion of the Principal Amount that bears interest at the Fixed Interest Rate.

"Guarantor" means each guarantor described in the Mortgage or who signs a written document, agreeing to be responsible for all or some of your Obligations and agreeing to be bound by the terms of the Mortgage.

"Improvement" means any present and future construction, installation, alteration, addition, repair or demolition to the Property.

"Insured Mortgage" means a mortgage insured by the Canada Mortgage and Housing Corporation, Genworth Financial Inc. or any other mortgage insurer Approved by Mortgagee.

"Interest" means the interest owing from time to time under the Mortgage or the Credit Documents, calculated at the applicable Interest Rate.

"Interest Adjustment Date" means the interest adjustment date indicated in the Mortgage Form or any other date Approved by Mortgagee.

"Interest Period" means the period between two consecutive Regular Payments beginning on a Payment Date and ending on the day before the next Payment Date.

"Interest Rate" means the Fixed Interest Rate, the Variable Interest Rate or the interest rate or rates set out in the Credit Documents, as applicable, and as shown on the Mortgage Form.

"Interest Rate Differential" is a compensation charge that may apply if you pay off your mortgage principal prior to the Balance Due Date or pay the mortgage principal down beyond the prepayment privilege amount. The method for calculating the Interest Rate Differential is set out in section 6.05(ii).

"Land Titles Act" means the *Land Titles Act* (Alberta), as amended from time to time.

"Last Payment Date" means the date the last payment is due as indicated in the Mortgage or any other date Approved by you and Mortgagee. This date is the same date as the Balance Due Date.

"Late Interest" means the additional Interest charged by Mortgagee on both the principal and interest portion, including interest accrued on fees or other charges, of any late Regular Payment. Late Interest will be charged at the Interest Rate.

"Law" means any law, statute, rule, requirement, demand, order, direction, code, guideline, ordinance, by-law, policy or regulation of any government, governmental authority or agency.

"Lease" means any lease, sublease or agreement to lease that gives you your interest in the Property as a tenant, lessee, subtenant or sublessee.

"Leased Property" means your leasehold interest in the Property under a Lease.

"Monthly Payment" means Regular Payment.

"Mortgage" means the Mortgage Form signed by you and any schedules attached to it, to mortgage and charge the Property to the Mortgagee and registered pursuant to the provisions of the *Land Titles Act*. "Mortgage" also includes all schedules and Amendments, these Standard Mortgage Terms and any notice advising you of a change in the Variable Interest Rate.

"Mortgagee" means the person or persons named in the Mortgage Form as mortgagee, and its or their successors and assigns, and includes the expressions "We", "we", "us" and "our".

"Mortgage Form" means the document prescribed by Section 114 of the *Land Titles Act* which makes reference to these mortgage terms and is signed by the Mortgagor, and includes all schedules to such document.

"Mortgage Prime Rate" means that annual interest rate (calculated monthly not in advance) that is announced from time to time by Mortgagee, at our discretion, as the interest rate then in effect for determining interest on Canadian dollar mortgages or loans made by Mortgagee in Canada. If it is necessary for the us to prove the interest rate in effect we are charging at any time, you agree that the production by the us of a written certificate setting out the interest rate at that time is conclusive proof for that purpose.

"Obligations" means each and all of the obligations that you have agreed to perform and all of the promises you have made under the Mortgage and the Credit Documents.

"Original Principal Amount" means the original principal that is indicated in the Mortgage Form.

"Payment Date" means the date on which you are to make a Regular Payment as indicated in the Mortgage Form, or any other date Approved by you and Mortgagee.

"Principal Amount" means that portion of the Original Principal Amount that is outstanding from time to time. Principal Amount includes Variable Rate Principal Amount, Fixed Rate Principal Amount and Collateral Loan Principal Amount.

"Property" means all or any part of (i) the lands described in the Mortgage Form, (ii) any buildings or structures now on those lands or added to those lands at any time and (iii) anything now or later attached or fixed to those lands, buildings or structures.

"Purchaser" has the meaning set out in Section 8.01.

"Receiver" means a person appointed by Mortgagee or a Court to collect income from and manage the Property; "Receiver" includes a receiver or a receiver and a manager.

"Regular Payment" means the amount of each payment or the payments indicated in the Mortgage Form or other payment approved by you and Mortgagee for either Fixed Rate Debt or Variable Rate Debt.

"Renewal Agreement" means an agreement, renewal notice or written letter Approved by Mortgagee and at least one of you confirming the terms of a renewal or extension of the Mortgage.

"Taxes" means all present and future realty taxes, rates and assessments of any nature or kind on the Property and includes interest and penalties.

"Tax Account" means an account on Mortgagee's books of account relating to the Mortgage and to which Mortgagee may add payments made by you under Section 8.05.

"Term" means the length of time from the Interest Adjustment Date to the Balance Due Date or other length of time approved by you and Mortgagee.

"Variable Interest Rate" means the annual interest rate, calculated monthly not in advance, that changes from time to time based on the Mortgage Prime Rate, as indicated in the Credit Documents.

"Variable Rate Debt" means the Variable Rate Principal Amount, including Interest, under a Mortgage Form having a Variable Interest Rate.

"Variable Rate Mortgage" means the portion of a Mortgage securing Variable Rate Debt.

"Variable Rate Principal Amount" means the portion of the Principal Amount that bears Interest at the Variable Interest Rate.

"You" means each of the persons indicated as mortgagors in the Mortgage Form and anyone else who is bound by the Mortgage. *"Your"* has a corresponding meaning.

ARTICLE 2

CHARGE AND PROMISES

2.01 You Give your Property as Security.

In return for Mortgagee agreeing to loan money to you or to loan money to someone else when you guarantee payment, you agree as follows:

- (i) if you are the owner of the Property, you mortgage and charge your entire interest in the Property to Mortgagee;
- (ii) if the Property includes Leased Property you mortgage and charge the Leased Property to Mortgagee as security as set out in Section 9.02;
- (iii) the Mortgage is given as a general and continuing security to secure repayment of all existing and future advances, loans or lines of credit from Mortgagee to you, to secure any existing and future guarantees that you provide to Mortgagee and to secure your performance of all of the Obligations; and
- (iv) no payment, no revolving or fluctuation of the Debt or liability, no change in the form of Debt or liability nor acceptance or renewal or substitution of any note, instrument or other document evidencing or regarding any of the Debt or liability will constitute a reduction or discharge in whole or in part of the security for this Mortgage and the Mortgage will not cease to operate and will not be extinguished except as provided herein.

And for the better securing to the Mortgagee the repayment in the manner set forth in this Mortgage of the Original Principal Amount and interest and other charges and all moneys hereby secured, and for the due performance by the mortgagor of each and all of the covenants, provisions and conditions herein expressed or implied, the mortgagor hereby mortgages to the Mortgagee all of the mortgagor's estate and interest in the Property.

2.02 Your Promises to Mortgagee.

You promise and confirm that:

- (i) you will pay all of the Debt to Mortgagee and perform all of the other Obligations as provided in the Mortgage and the Credit Documents;
- (ii) you are the lawful owner of the Property (unless the Property is Leased Property) and no other person owns all or part of the Property;
- (iii) you have the right to give the Mortgage to Mortgagee and mortgage and charge the Property in favour of Mortgagee;
- (iv) if you do not pay the Debt to Mortgagee or perform your other Obligations as provided in the Mortgage and the Credit Documents, Mortgagee may, subject to applicable Laws, take possession of the Property free from any interference by you or anyone else living on the Property and free from any interests, encumbrances, limitations or restrictions other than those that Mortgagee has Approved;
- (v) there are no limitations or restrictions to your title to the Property except those you have disclosed to Mortgagee in writing and Mortgagee has Approved;
- (vi) you will, at your expense, sign any other documents and take any further action that Mortgagee requests in order to ensure that your entire interest in the Property has been charged to Mortgagee and that the Debt is adequately secured by the Property and the Mortgage;
- (vii) if the Mortgage is not a first mortgage on the Property, you agree not to increase the principal amount owing under any prior mortgage or to re-borrow any amount repaid under a prior mortgage without the Approval of Mortgagee. Mortgagee may withhold its Approval for any reason. You promise not to default under any prior mortgage. You consent to Mortgagee giving notice to the holder of the other mortgage of the existence of this Mortgage and of all of the terms of this Mortgage and the Credit Documents; and
- (viii) if you are a co-owner of the Property, you agree to be bound by all the terms, conditions, promises, covenants, warranties, and other statements contained herein with respect to your undivided interest in the Property.

2.03 The Mortgage is Additional Security.

You agree that:

- (i) The Mortgage supplements and does not replace any other security we hold for any Debt or other liability of you;
- (ii) You agree that we may pursue our remedies, either at the same time, or one remedy at a time, as we choose; and
- (iii) The fact that we do obtain a judgment or other remedy under a particular security for the Debt secured by the Mortgage will not affect Mortgagee's rights to enforce any other security.

2.04 Consolidation.

Our right of consolidation applies to the Mortgage and to any other mortgages you give to us. This means that if you default under any of your mortgages to us, then we can, as a condition of your repaying any mortgage, require that you immediately repay all mortgages.

ARTICLE 3 GENERAL PROVISIONS

3.01 Changes to Your Debt.

At your request and if Mortgagee Approves, the Mortgage will secure any future loans, lines of credit and any other advances to you in which the balance owing by you may increase or decrease from time to time and which may for periods of time have nothing owing. These future loans, lines of credit and advances will be secured by the Property unless the Credit Documents indicate that they are not to be secured by the Property. The Mortgage will continue to secure all of the Debt (and for the purposes of section 104(2) of the *Land Titles Act* it is hereby declared by and agreed to between you and the Mortgagee, that this Mortgage may secure a current or running account) and you will continue to be liable for all of the Debt even if one or more of the following occurs:

- (i) Mortgagee advances additional money secured by the Mortgage or re-advances money that you have repaid under the Mortgage;
- (ii) the amount of the Debt increases or decreases, or if the Debt is reduced to zero and then increases;
- (iii) the documents that evidence the Debt change, or are replaced; for example if some Credit Documents are replaced by others - even if the new Credit Documents given by you have additional persons or fewer persons promising to pay the amount owing;
- (iv) Mortgagee increases or reduces the monetary amount of any credit available to you;
- (v) the form of the Debt changes in any way, for example Variable Rate Debt or Fixed Rate Debt becomes Collateral Loan Debt or the Mortgage secures additional Debt;
- (vi) the Mortgage secures more than one type of Debt (for example Fixed Rate Debt and Collateral Loan Debt) or more than one type of Collateral Loan Debt;
- (vii) the terms applicable to the Debt are changed, for example if the Interest Rate changes, if the Debt or a portion of the Debt is renewed or extended or if the Regular Payments change; or
- (viii) any co-borrower or guarantor dies.

3.02 Application of Payments.

Except where we specifically agree otherwise, we may apply a payment made to us by you to reduce whatever part or parts of the Debt we choose.

3.03 Place of Payment.

You agree to repay the Debt to Mortgagee at its head office in Toronto, Ontario or any other place Approved by Mortgagee.

3.04 Time of Payment.

Any payment that is due on a day that is not a Business Day must be made on the Business Day immediately preceding the due date. Mortgagee will consider payments received after 1:00 p.m. (Eastern Standard Time) to have been made on the next Business Day.

3.05 Failure to Pay or Perform Obligations.

If you fail to pay any part of the Debt when it is due or if you do not perform any of your Obligations when required, then, at Mortgagee's option, all of the Debt will immediately become payable. If the Mortgage secures more than one type of Debt (for example Fixed Rate Debt and Collateral Loan Debt) Default under any type of Debt will constitute Default under all types of Debt and Mortgagee will be able to exercise all of the remedies set out in Article 10 for all types of Debt. If you Default under any prior mortgage (as referenced in Section 2.02(vii)), that Default will be a Default under the Mortgage.

3.06 Costs.

All Costs incurred by Mortgagee will be immediately payable by you, bear Interest at the highest Interest Rate then chargeable and form part of the Debt. See Article 1 for the definition of Costs.

3.07 Deductions from Advances.

Mortgagee may deduct from any advance under the Mortgage:

- (i) any Taxes that are due;
- (ii) any Interest due under the Mortgage;
- (iii) all legal fees and disbursements (and applicable taxes) for preparing and registering the Mortgage; and
- (iv) any Costs relating to the Approval, preparation or registration of the Mortgage or the Credit Documents (including fees for mortgage insurance and title insurance).

3.08 Advances under the Mortgage.

Mortgagee may decide, for any reason, that it will not advance all or any part of the Original Principal Amount even if the Mortgage has been registered and whether or not any part of the Original Principal Amount has previously been advanced to you. Even though Mortgagee has not advanced any money, the Mortgage will still secure Costs.

ARTICLE 4
COLLATERAL LOAN MORTGAGES

4.01 When This Article Applies.

The provisions in this Article apply if the Mortgage at any time secures Collateral Loan Debt. If the Mortgage secures Collateral Loan Debt and Fixed Rate Debt or Variable Rate Debt, the provisions of this Article apply only to the Collateral Loan Debt.

4.02 Repayment.

- (i) You will pay the Collateral Loan Debt to Mortgagee on demand; and
- (ii) You will pay Interest to Mortgagee on the Collateral Loan Debt at the interest rate and on the terms set out in the Credit Documents and in the Schedule to the Mortgage Form.

If any payment is late, you will pay Mortgagee additional Interest as set out in the Credit Documents.

4.03 Prepayment.

The Collateral Loan Debt may be prepaid only as set out in the Credit Documents.

4.04 What the Collateral Loan Debt Covers

If you have a revolving line of credit, credit card account, loan, overdraft or similar account where the balance fluctuates, we do not consider the Mortgage to be discharged or released even if the balance goes down to zero. In that case, the Mortgage continues to secure any future amounts borrowed by you from time to time.

4.05 Other Terms.

Other terms applicable to the Mortgage and the Collateral Loan Debt are set out in the Credit Documents.

PART B - VARIABLE RATE MORTGAGES (Applicable to Variable Rate Mortgages)

ARTICLE 5
MORTGAGES WITH A VARIABLE INTEREST RATE

5.01 When This Article Applies.

The provisions of this Article apply if the Mortgage initially secures Variable Rate Debt. If the Mortgage secures Variable Rate Debt and Collateral Loan Debt and Fixed Rate Debt, the provisions

of this Article apply only to the Variable Rate Debt. The Mortgage Form or a schedule to the Mortgage Form will indicate if the Mortgage secures Variable Rate Debt.

5.02 Changes in the Variable Interest Rate.

The Variable Interest Rate will change with any change in the Mortgagee Prime Rate. If there is a change in the Mortgagee Prime Rate, Mortgagee may send you notice of the new Variable Interest Rate, but if Mortgagee fails to do so, you will still be liable to make all payments when due under the Mortgage at the new Variable Interest Rate. These notices form a part of the Mortgage. A change in the Variable Interest Rate will become effective on the day that the Mortgagee Prime Rate changes.

5.03 The Variable Interest Rate.

The Variable Interest Rate payable by you under the Mortgage is a variable rate which may automatically be adjusted following the Interest Adjustment Date and on the first day of each month thereafter.

The Variable Interest Rate on this Mortgage is calculated monthly not in advance and payable monthly, or as agreed to by you and us, as well as before maturity and both before and after default.

5.04 Variable Interest Rate Payments.

- (i) Variable Rate Mortgage – Variable Payment
 - (a) The amount of your Regular Payment as at the date of advance is set out in the Credit Documents and is based upon the Interest Rate provided in the Mortgage.
 - (b) You acknowledge that the Variable Interest Rate will vary automatically each time there is a change in the Mortgagee Prime Rate with or without any notice to you.
 - (c) If the amount of any Regular Payment paid by you is insufficient to pay the Interest accrued under the mortgage at the time such Regular Payment is paid, the Interest accrued which remains unpaid shall itself bear interest at the Variable Interest Rate until paid.

5.05 Repayment.

In addition to those provisions contained in this Article 5, you agree that:

- (i) On the Interest Adjustment Date you will pay Interest to Mortgagee at the Variable Interest Rate on all amounts advanced, calculated from the date of each advance to but excluding the Interest Adjustment Date.
- (ii) After the Interest Adjustment Date, you will pay Mortgagee the Variable Rate Principal Amount together with Interest at the Variable Interest Rate on the Variable Rate Principal Amount calculated from the Interest Adjustment Date. You will pay these amounts in Regular Payments beginning on the First Payment Date and continuing on each Payment Date until the Balance Due Date. On the Balance Due Date you will pay the balance of the Variable Rate Debt.

- (iii) If the amount of any Regular Payment is less than the Interest on the Variable Rate Debt due for any Interest Period, any such difference amount for that Interest Period will be added to the Variable Rate Principal Amount and then bear Interest at the Variable Interest Rate.
- (iv) If a Regular Payment is late you will pay Late Interest.
- (v) You will continue to pay Interest at the Variable Interest Rate until all of the Variable Rate Debt has been repaid.

5.06 Your Right of Conversion

You, when never having been in default under the terms of this Mortgage, shall have the option at any time during the Term of this Mortgage, of converting a Variable Rate Mortgage to a Fixed Rate Mortgage with a term greater than or equal to the remaining Term. The Mortgage will be converted for the remaining Term on the original Mortgage upon receipt of a written request made by you and delivered to us at our head office located in the Province of Ontario. The Interest Rate for the converted mortgage shall be based on our prevailing posted Interest Rate in effect on the date the written request for conversion is received by us, plus a premium or minus a discount as established by us, in our sole discretion. The conversion to a Fixed Rate Mortgage will take effect on the next scheduled Regular Payment Date applicable under the Mortgage following receipt by us of the written request of conversion to a Fixed Rate Mortgage. If you decide to exercise this right of conversion, you will agree to also execute, at our request, an amendment setting out the new terms.

5.07 Compound Interest

- (i) If any Regular Payment is late, Mortgagee will calculate Late Interest every day at the Variable Interest Rate on the full amount that is late.
- (ii) Mortgagee will add Late Interest to the Debt at the end of each Interest Period.
- (iii) You promise to pay this compound interest, both before and after default and judgment, until the Debt is paid.
- (iv) You promise to pay this compound interest immediately when we ask you to pay it.

5.08 Application of Regular Payments.

When Mortgagee receives a Regular Payment, Mortgagee will first apply it to Late Interest, if any. Next Mortgagee will apply it to Interest on the Variable Rate Principal Amount. Finally Mortgagee will apply any remaining part of the Regular Payment to reduce the Variable Rate Principal Amount. Mortgagee may also decide to apply a Regular Payment to other amounts you may owe, for example Taxes, in any order Mortgagee determines in its sole discretion.

5.09 Prepayment for Open Mortgages.

Unless we explicitly agree in writing otherwise, if the portion of the Mortgage securing Variable Rate Debt is open for prepayment and if you have performed all of your Obligations to date then you may prepay all or part of the Variable Rate Principal Amount on any Payment Date without notice or additional charge, other than the following administration fees:

- (i) If you prepay the Variable Rate Principal Amount in full before the second anniversary of the Interest Adjustment Date, you may be required to pay, at our discretion, an administration fee with the prepayment.
- (ii) If you make a partial prepayment of the Variable Rate Principal Amount, you must continue to make the Regular Payments on the Payment Dates until all of the Variable Rate Debt is paid.

5.10 Prepayment for Closed Mortgages.

Unless we explicitly agree in writing otherwise, if the portion of the Mortgage securing Variable Rate Debt is closed to prepayment and if you have performed all of your Obligations, you may do one or more of the following:

- (i) Once each calendar year, you may prepay up to twenty per cent (20%) of the original Variable Rate Principal Amount, but not less than \$1,000.00, without charge. This prepayment privilege is not cumulative from year to year. That means if the prepayment privilege is not used in one year, it cannot be carried forward and used in a later year.
- (ii) If your Mortgage has three (3) or four (4) year term, you may also at any time after the first two (2) years of the term, prepay all or any part of the Variable Rate Principal Amount, provided you also pay an amount equal to three (3) months' interest at the then current Variable Interest Rate on the amount you wish to prepay. When you make a prepayment under this subsection, any portion of the amount you are still entitled to prepay under subsection 5.10(i) will not be deducted from the amount you prepay under this subsection when the three (3) months' interest is calculated.
- (iii) If your Mortgage has a five (5) year term, you may also at any time after the first three (3) years of the term, prepay all or any part of the Variable Rate Principal Amount, provided you also pay an amount equal to three (3) months' interest at the then current Variable Interest Rate on the amount you wish to prepay. When you make a prepayment under this subsection, any portion of the amount you are still entitled to prepay under subsection 5.10(i) will not be deducted from the amount you prepay under this subsection when the three (3) months' interest is calculated.
- (iv) If you make a partial prepayment of the Variable Rate Principal Amount, you must continue to make the Regular Payments on the Payment Dates until all of the Variable Rate Debt is paid.

5.11 Prepayment for Renewed or Extended Mortgages.

The prepayment provisions set out in this Article are available only during the original Term. If the terms of the Mortgage are renewed or extended and the Renewal Agreement contains prepayment provisions, you agree to be bound by the prepayment provisions set out in the Renewal Agreement. If the terms of the Mortgage are renewed or extended and the Renewal Agreement does not contain prepayment provisions, you agree to abide by the prepayment provisions set out herein.

5.12 Portability

As long as we agree in writing, at our sole discretion you may transfer your existing Mortgage to a new property or you may combine your existing Mortgage amount with additional funds and, depending on the remaining term of the existing Mortgage, obtain an extended term. The Interest Rate on the replacement Mortgage will be a blend of the interest rate you were paying on the funds transferred from your existing mortgage and the rate applicable to the term of the replacement mortgage and/or additional amount, as determined by us.

PART C – FIXED RATE MORTGAGES (Applicable to Fixed Rate Mortgages)

ARTICLE 6

MORTGAGES WITH A FIXED INTEREST RATE

6.01 When This Article Applies.

The provisions of this Article apply if the Mortgage initially secures Fixed Rate Debt. If the Mortgage secures Fixed Rate Debt and Collateral Loan Debt, the provisions of this Article apply only to the Fixed Rate Debt unless we advise otherwise. The Mortgage Form or a schedule to the Mortgage Form will indicate if the Mortgage secures Fixed Rate Debt.

6.02 Repayment.

- (i) On the Interest Adjustment Date, you will pay Interest to Mortgagee on all amounts advanced, calculated from the date of each advance to, but excluding, the Interest Adjustment Date.
- (ii) After the Interest Adjustment Date, you will pay Mortgagee the Fixed Rate Principal Amount together with Interest at the Fixed Interest Rate on the Fixed Rate Principal Amount calculated from the Interest Adjustment Date. You will pay these amounts in Regular Payments beginning on the First Payment Date and continuing on each Payment Date until the Balance Due Date. On the Balance Due Date, you will pay the balance of the Fixed Rate Debt.
- (iii) If a Regular Payment is late you will pay Late Interest.
- (iv) You will continue to pay Interest at the Fixed Interest Rate until all of the Fixed Rate Debt has been repaid.

6.03 Compound Interest.

If any Regular Payment is late, Mortgagee will calculate Late Interest every day at the Fixed Interest Rate on the full amount that is late. You agree to pay this Late Interest. Mortgagee will add Late Interest to the Fixed Rate Debt at the end of each Interest Period.

6.04 Application of Regular Payments.

When Mortgagee receives a Regular Payment, Mortgagee will first apply it to Late Interest, if any. Next Mortgagee will apply it to Interest on the Fixed Rate Principal Amount. Finally, Mortgagee will apply any remaining part of the Regular Payment to reduce the Fixed Rate Principal Amount. Mortgagee may also decide to apply a Regular Payment to other amounts you may owe, such as Taxes for example, in any order Mortgagee determines in our sole discretion.

6.05 Prepayment for Closed Mortgages.

Unless we explicitly agree in writing otherwise, if your Mortgage is a Fixed Rate Mortgage, you may only make the following prepayments of the principal amount of the Mortgage if the Mortgage is not in default and if you also pay certain prepayment costs.

- (i) Once each calendar year, you may prepay up to a maximum of twenty per cent (20%) of the original Fixed Rate Principal Amount, but not less than \$1,000.00, without charge. This prepayment privilege is not cumulative from year to year. That means if the prepayment privilege is not used in one year, it cannot be carried forward and used in a later year. This prepayment privilege cannot be used in combination with the prepayment privilege described in subsection 6.05(ii) below.
- (ii) If you prepay the Fixed Rate Principal Amount in full, or an amount greater than that expressed in section (i) above but less than the Fixed Rate Principal Amount, at any time before the Balance Due Date set out under your Mortgage, you must also pay, in addition to all other amounts due as set out in the Mortgage, the GREATER of:
 - (i) three (3) months' interest at your existing Interest Rate as set out in the Mortgage or, if renewed, in the Renewal Agreement for the last renewal of the Fixed Rate Debt secured by the Mortgage; or,
 - (ii) the Interest Rate Differential, which is the difference between your existing interest rate as set out in the Mortgage or, if renewed, in the Renewal Agreement for the last renewal of the mortgage for the Fixed Rate Debt, and the then current rate for the term remaining on the Mortgage or renewal of the Fixed Rate Debt based on our lowest offered rate for a mortgage for a term that is the closest to, but not greater than, the remaining term of your Mortgage or if renewed, of the Renewal Agreement for the last renewal of the Fixed Rate Debt secured by the Mortgage calculated on the full principal amount being repaid.

6.06 Portability

As long as we agree in writing, at our sole discretion you may transfer your existing Mortgage to a new property or you may combine your existing Mortgage amount with additional funds and, depending on the remaining term of the existing Mortgage, obtain an extended term. The Interest Rate on the replacement Mortgage will be a blend of the rate you were paying on the funds transferred from your existing mortgage and the rate applicable to the term of the replacement mortgage and/or additional amount, as determined by us.

6.07 Prepayment for Renewed or Extended Mortgages

The prepayment provisions set out in this Article are available only during the original Term. If the terms of the Mortgage are renewed or extended and the Renewal Agreement contains prepayment provisions, you agree to be bound by the prepayment provisions set out in the Renewal Agreement. If the terms of the Mortgage are renewed or extended and the Renewal Agreement does not contain prepayment provisions, you agree to abide by the prepayment provisions set out herein.

PART D – AMENDING OR EXTENDING THE MORTGAGE (Applicable to Fixed Rate Mortgages and Variable Rate Mortgages)

ARTICLE 7

RENEWAL AND AMENDMENT PROVISIONS

7.01 General.

You may renew the Mortgage if Mortgagee Approves. A Renewal Agreement will conclusively establish any renewal or extension of the Mortgage as well as the terms of that renewal or extension.

7.02 Renewal Services.

Mortgagee may allow you to renew the Mortgage by mail or in person. Mortgagee may send you a document confirming the renewal terms by ordinary mail. You agree to sign this document and return it to Mortgagee. For your renewal to be effective, Mortgagee must receive your signed Renewal Agreement within thirty (30) days prior to the beginning of the new Term.

You agree that if a Renewal Agreement is sent to you but you do not sign and return it to us by the Balance Due Date, we may, at our option, automatically renew the Mortgage on the terms contained in the Renewal Agreement, and you will be bound by such Renewal Agreement. If you do not return your signed Renewal Agreement, Mortgagee may, in reliance on the Renewal Agreement, process a new Mortgage payment consistent with the document sent to you.

No renewal or extension of time given by us to you shall in any way affect or prejudice our rights against you, the Guarantor or any other person. It shall not be necessary to register notice of any such renewal or obtain any consents or acknowledgements in order to retain priority for this Mortgage so altered over any subsequent encumbrance or instrument registered subsequent to this Mortgage.

7.03 If There Are Guarantors.

You and all Guarantors agree that, with Mortgagee's Approval, any one mortgagor can agree to any Amendment or Renewal Agreement, and that agreement will bind all other mortgagors and all Guarantors. The person so agreeing is deemed to be the agent of the others.

7.04 Registration of Amendments.

You agree that any Amendment does not have to be registered in any land registry office. Any Amendment will be binding on you, on Mortgagee, on any transferee of the Property and on any person who has an interest in the Property. Any Amendment will have priority over any subsequent charge, mortgage, interest in or transfer of the Property to the same extent as if the Amendment had been registered in the appropriate land registry office before registration of any subsequent charge, mortgage, interest or transfer.

7.05 No Renewal Without Mortgagee's Approval.

Except as set out in section 7.02 no payment made by you after the Balance Due Date or after the end of any extension or renewal will result in any renewal or extension of the Mortgage unless Mortgagee has Approved the extension or renewal in writing.

PART E - OTHER GENERAL PROVISIONS (Applicable to All Mortgages)

ARTICLE 8

OTHER PROVISIONS AFFECTING YOUR MORTGAGE

8.01 Sale or Transfer of Property.

If you Convey the Property or any interest in the Property to anyone (in this Section a "Purchaser") and the Purchaser has not:

- (i) applied for and received Mortgagee's Approval to assume the Mortgage; and
- (ii) signed an assumption agreement Approved by Mortgagee,

then Mortgagee may demand from you repayment of the Debt by notice in writing and the Debt will become immediately payable in full by you.

The applicable prepayment provisions in Articles 4, 5 and 6, or any one or more of them as applicable, will apply to any repayment. No change in the ownership of the Property or in any agreement between Mortgagee and a Purchaser will in any way affect or prejudice Mortgagee's rights against you or any other person liable for payment of the Debt. Mortgagee may enter into agreements with a Purchaser without notice to you and without your Approval. You will not be released from your Obligations even if Mortgagee accepts money from a Purchaser or if a Purchaser agrees with Mortgagee without notice to you to assume, renew, extend or amend the Mortgage.

In addition, you acknowledge that you will inform us forthwith of any purchase, sale or any other conveyancing document executed by you which Conveys the Property or any interest in the Property to anyone other than you.

No sale or other conveyancing of the Property shall in any way change your liability or in any way alter our rights as against you or as against any other person liable for the Debt hereby secured.

8.02 Assignment of Leases.

As additional security for your performance of the Obligations, you agree to assign to Mortgagee from time to time, immediately on its request, any lease of the whole or any part of the Property. Any assignment must be in a form acceptable to Mortgagee. You will deliver to Mortgagee executed copies of all leases of the Property at Mortgagee's request. You will comply with all of the landlord's obligations in any lease assigned by you to Mortgagee. You agree that none of Mortgagee's rights or remedies under the Mortgage will be delayed, hindered or prejudiced by these assignments.

8.03 Assignment of Rents.

You agree with us as follows:

- (i) For the purposes of this Section, the term "leases" includes agreements to lease, tenancy agreements, licences and occupancy agreements.
- (ii) You hereby assign to Mortgagee all rents payable from time to time under all present and future leases of all or any part of the Property; you also assign to Mortgagee the benefit of all other tenants' obligations under those leases.
- (iii) As soon as you enter into any lease of the Property you will, if requested by Mortgagee, execute and deliver to Mortgagee an assignment in Mortgagee's usual form of all rents payable under that lease and the benefit of all other tenants' obligations under that lease. You will also execute and deliver to Mortgagee any other documents that Mortgagee determines are necessary to make the assignment effective.
- (iv) Nothing in the Mortgage, or in the assignments referred to in this Section, will make Mortgagee responsible for the collection of rents payable under any lease of the Property or for the performance of any other obligations in any lease.
- (v) Mortgagee will not be considered a mortgagee in possession or landlord of the Property because of any assignment referred to in this Article.
- (vi) Mortgagee has to account only for rent that Mortgagee actually receives (less reasonable collection charges) and Mortgagee may apply those rents to repayment of the Debt in any manner that Mortgagee, in its discretion, determines.

8.04 Payments Mortgagee May Make.

Mortgagee may pay any rents or satisfy any present or future Taxes, mortgages, rates, charges, Common Expenses or other similar liabilities or interests in the Property. These amounts, when paid by Mortgagee, form part of the Debt.

8.05 Taxes.

You will pay all Taxes on the Property promptly as they fall due. If Mortgagee requests evidence of payment of Taxes, you will immediately provide Mortgagee with evidence satisfactory to Mortgagee that you have paid all Taxes. If you do not provide Mortgagee with this evidence, Mortgagee may obtain it directly from the municipality or other taxing authority. Any charge Mortgagee incurs to

obtain this evidence will be added to the Debt and is payable by you immediately. You hereby authorize the municipality to release all tax information on the Property to Mortgagee.

If a portion of the Debt is Fixed Rate Debt or Variable Rate Debt then the following provisions apply:

- (i) Mortgagee may pay out of any advance any Taxes payable at the date of that advance or due within the calendar year.
- (ii) If Mortgagee requires you agree to pay Mortgagee on each Payment Date an amount Mortgagee estimates will be required to provide funds sufficient to pay all Taxes for the year by the time Mortgagee remits the Taxes. Mortgagee may pay the Taxes at any time or times as it sees fit.
- (iii) Mortgagee may re-estimate your Taxes from time to time. You will pay any additional amounts required because of a re-estimate. You will provide Mortgagee with all tax bills and other notices relating to Taxes on the Property immediately after you receive them. Mortgagee may obtain these directly from the municipality or other taxing authority. Any charges Mortgagee incurs to obtain these items will be added to the Debt and are payable by you immediately.
- (iv) As long as Mortgagee requires you to make tax payments under this Section, and as long as you have performed all of your Obligations, Mortgagee agrees to pay from the Tax Account all Taxes as they fall due or at any time Mortgagee deems fit to the extent that there are sufficient funds in the Tax Account. If the amount in the Tax Account is insufficient, Mortgagee may, at its option, either debit to the Tax Account or add to the Debt the amount by which the Tax Account is insufficient.
- (v) Any debit balance in the Tax Account will bear Interest at the highest interest rate payable under the Mortgage and will form part of the Debt. Mortgagee will not pay interest on any credit balance in the Tax Account.
- (vi) If, at any time, the Taxes that Mortgagee has paid exceed the amount you have paid under this Section, you will immediately, on Mortgagee's request, pay Mortgagee that difference.
- (vii) Mortgagee is not a trustee of the Tax Account.
- (viii) If you fail to perform any of your Obligations, any payments made by you under this Section may, at Mortgagee's option, be
 - (a) credited to the Tax Account; and/or
 - (b) applied against the Debt; and/or
 - (c) electronically debited from your bank account.

8.06 Bank Account for Payment

By signing the Mortgage you:

- (i) Agree to maintain an account of a type satisfactory to us with a branch of a bank, trust company or credit union and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and/or life insurance premiums (as applicable) when due.
- (ii) Agree to ensure that the account always contains sufficient funds to make each payment. Failure to maintain sufficient funds in the account, cancellation of the

authorization or closing of the account will be considered to be a default under this Mortgage.

- (iii) Agree to pay to us our then processing fees for any actions which we have to take under this Article.
- (iv) Expressly give us the authorization, upon reasonable notice given to you from us, to:
 - (a) electronically debit your account for an amount higher or lower than the Regular Payment on your Regular Payment date; or
 - (b) electronically debit your account in addition to your Regular Payment, for additional monies owing by you to us as a result of adjustments for tax, utility or other arrears.
- (v) Agree that you waive the notification described in subsection (iv) above if we, in our sole and arbitrary discretion, decide not to give such notification.
- (vi) Agree to provide us with, upon our request, a post-dated cheque, or a series of post-dated cheques, for any payment, including payments of Taxes required under the Mortgage.

8.07 Repair and Maintenance of the Property.

You agree as follows:

- (i) You will keep the Property in good condition and repair and you will not do anything that will diminish the value of the Property.
- (ii) You will not change the use of the Property.
- (iii) You will pay Mortgagee on demand the reasonable Costs of those inspections, investigations, assessments, studies and testing concerning the Property.
- (iv) You will promptly, at your own cost, comply with all Laws concerning the Property.
- (v) At your own cost you will make all Improvements or alterations to the Property that may be required at any time by any Law.
- (vi) You will notify Mortgagee forthwith of any substantial Improvements or damage to the Property.

8.08 Mortgagee's Rights During Construction.

If any portion of the Mortgage is to finance an Improvement, you must so inform us in writing immediately and before any advances are made by Mortgagee. Before commencing any construction on the Property you will have all plans and specification Approved by Mortgagee.

If at any time:

- (i) any construction on the Property remains unfinished and without any work being done on it for more than ten (10) consecutive days;
- (ii) you deviate from any plans that have been Approved by Mortgagee;
- (iii) you deviate from the generally accepted local standards of construction; or
- (iv) you allow a builders' lien to be registered against the Property for more than thirty (30) days,

then Mortgagee may, without becoming a mortgagee in possession, enter the Property and do all work necessary to protect the Property from deterioration. This includes Mortgagee completing, or partially completing, any construction on the Property in accordance with plans and specifications that have been Approved by Mortgagee or otherwise as Mortgagee in its discretion determines. In completing construction, Mortgagee may use and have exclusive possession of all materials and equipment on the Property without any interference from you. Mortgagee may also pay the amount of any lien and add that amount to the Debt.

8.09 Insurance.

You agree as follows:

- (i) As long as there is any Debt outstanding, you will, at your expense, take out and keep in force insurance on the Property.
- (ii) You will keep the Property (and any income derived therefrom) insured against loss or damage in an amount equal to not less than one hundred percent (100%) of the full replacement value of the Property pursuant to a mortgage endorsement in favour of Mortgagee issued by your insurer for the Property. The risks against which you must insure include fire, extended perils, tempest, tornado, cyclone, lightning, wind, storm, hail, explosion, riot, impact by aircraft or vehicle, smoke damage, other risks covered by a standard extended coverage insurance policy and any other risks and hazards that Mortgagee may from time to time require. You will ensure that Mortgagee is sent copies of all notices sent to you about this insurance.
- (iii) If the Property is a condominium unit, you will take reasonable steps to ensure that the Condominium Corporation takes out and keeps the insurance as required by the *Condominium Property Act*.
- (iv) As long as there is any Debt outstanding, if a sprinkler system, a steam boiler or any apparatus operating or operated by steam is installed in or operated on the Property, you will insure the buildings on the Property against loss or damage caused by any bursting, explosion or defect in the sprinkler system, boiler or apparatus to the full replacement value of the Property.
- (v) All insurance policies must provide that any loss will be payable to Mortgagee as its interest may appear and must contain the standard mortgage clause Approved by Mortgagee.
- (vi) Mortgagee may require any insurance on the Property to be cancelled and new insurance taken out with an insurance company Approved by Mortgagee (and Approved by the landlord under the Lease if the Property is a Leased Property and if required by the Lease). Mortgagee may, without consulting you, take out any insurance on the Property if Mortgagee has not received proof of coverage satisfactory to it. The premiums for this insurance will be added to the Debt.
- (vii) You agree that you will deliver certificates of insurance or, if required by Mortgagee, certified copies of insurance policies as soon as possible after placing the required insurance.
- (viii) All policies must contain an undertaking by the insurer to notify Mortgagee in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew or termination of any policy.

- (ix) If you fail to take out or to keep in force any insurance policy, or if any insurance policy is not Approved by Mortgagee, and if you do not rectify the situation within seven (7) days after written notice from Mortgagee, Mortgagee may, without consulting you, take out insurance at your expense.
- (x) If you have failed to meet any of your Obligations, Mortgagee may charge you the cost of insuring the Property under an individual or a blanket insurance policy issued to Mortgagee. Mortgagee is under no obligation to insure the Property or to insure the Property for more than the Debt. However, if Mortgagee does take out additional insurance, it will be at your expense.
- (xi) If Mortgagee pays any premiums for insuring the Property, the amount of all payments will be added to the Debt and will be payable immediately.
- (xii) When Mortgagee requests it, you will provide Mortgagee with satisfactory evidence of the insurance required under this Section and proof that the premiums for that insurance have been paid. You must also provide Mortgagee with satisfactory evidence of the renewal of all insurance policies at least fifteen (15) days before the termination of each policy.
- (xiii) Mortgagee, in our discretion, may require that all insurance proceeds be paid to Mortgagee, to you or to any other person appearing by the records of the Land Registry Office to be or to have been the owner of the Property. The proceeds may also be paid in one way or another, or they may be applied, in Mortgagee's sole discretion, in whole or in part to repay the Debt even if the Debt is not yet due.
- (xiv) Mortgagee may, in our discretion, require that the insurance proceeds be applied to rebuilding or repairing the Property.
- (xv) If the Property is a Leased Property, the insurance proceeds will be applied to rebuilding or repairing the Property, if required by the Lease.
- (xvi) If the Property is not a condominium unit, all policies of insurance must show any loss payable (i) to Mortgagee or (ii) to a trustee Approved by Mortgagee pursuant to an insurance trust agreement Approved by Mortgagee. The terms of any insurance trust agreement may not, once Approved by Mortgagee, be altered without Mortgagee's further Approval.
- (xvii) The Mortgage also charges all insurance proceeds as security for the Debt. If the Property is a condominium unit, the Mortgage also charges your interest in the insurance trust and on any insurance proceeds relating to the Property held by the trustee.
- (xviii) If the Property is a condominium unit, you will take reasonable steps to ensure that the Condominium Corporation will at all times comply with the terms of all insurance policies and any insurance trust agreement. You will also take reasonable steps to ensure that the insurance taken out by the Condominium Corporation complies with the Obligations of this Section. Finally, you will take reasonable steps to ensure that the Condominium Corporation assigns and delivers to Mortgagee certificates of insurance or, if required by Mortgagee, certified copies of each insurance policy, as soon as possible after placing the required insurance.
- (xix) If there is any loss or damage, you must furnish at your own expense all necessary proofs and do all necessary acts to enable Mortgagee to obtain payment of the insurance proceeds.
- (xx) Production of the Mortgage will be sufficient authority for the insurer to pay any loss to Mortgagee.

- (xxi) During such time or times as there is construction of any buildings or other Improvements on the Property, you will maintain builder's all-risk insurance with a stated amount clause for the Improvements for full insurable value.
- (xxii) The insurance provisions of this Section apply to all buildings, structures and Improvements on the Property whenever built and during construction.

8.10 Subdivision, Release and Replacement of Property.

You agree as follows:

- (i) The Mortgage charges every part, lot or condominium unit into which the Property is or may be divided for all of the Debt.
- (ii) No person will have any right to require the Debt to be apportioned with respect to any part or lot.
- (iii) At any time before or after the Mortgage is registered, Mortgagee may take other security, take evidence of indebtedness or obtain additional promises of payment.
- (iv) None of these actions will affect Mortgagee's rights under the Mortgage or limit the liability of any person who is liable under the Mortgage or any Guarantor.
- (v) Mortgagee may, on any terms that Mortgagee deems proper in our sole discretion, release or discharge the following in any combination:
 - (a) the Property;
 - (b) any part of the Property;
 - (c) any other security Mortgagee has taken;
 - (d) you, or any borrower; and/or
 - (e) any Guarantor.
- (vi) Mortgagee may at any time without notice to any person or without the consent of any person, make a settlement, extension or variation in the terms of any Obligation.
- (vii) No release, discharge, settlement, extension or variation in terms, nor any carelessness or neglect by Mortgagee in asserting its rights, the loss by operation of Law of any right Mortgagee has against you or any other person, or the loss or destruction of any security, will in any way release, diminish or prejudice its security against any undischarged Property. Similarly, no such action will release or prejudice any of the Obligations or release or diminish your liability or the liability of any Guarantor so long as any Debt remains unpaid.
- (viii) No security or Guarantor will be released or discharged except by a written release or discharge executed by Mortgagee.

8.11 Change of Control.

If you are a corporation and you Convey any interest in your issued and outstanding shares so that there is a change in your effective voting control without Mortgagee's Approval, then Mortgagee may exercise any of the remedies set out in Article 10. Mortgagee's Approval may be withheld in its unqualified subjective discretion.

8.12 Servicing Fees.

Mortgagee may charge a reasonable servicing fee to process each application for Approval contemplated by this Article. This servicing fee will be payable immediately upon demand and will form part of the Debt.

8.13 Sale or Securitization

We may, at our option, sell, assign or encumber your Mortgage to one or more third party(ies) without notice to you, any Guarantor or any spouse signing your Mortgage and without requiring any consent. If we do so, you agree that your Mortgage shall continue to secure all Debt owing under your Mortgage. Once sold or assigned, your Mortgage may be repurchased by us, whether or not it is in default.

You and each Guarantor and spouse executing the mortgage hereby authorize and consent to us or any other person having an interest in the Mortgage from time to time and their or our respective agents and advisors including any party retained to service the mortgage, releasing, disclosing and assigning any personal or other information (including financial information) with respect to you, any Guarantor and your spouse, the Mortgage and your Property, regardless of the scope of distribution and to any such other person as may be required to complete, administer, realize, assign, securitize or otherwise deal with your mortgage from time to time.

8.14 Repayment of Payments Made by Mortgagee.

Any payments made by Mortgagee under this Article will be added to the Debt and are payable by you immediately.

8.15 Assumption

If you are not the original borrower of the Mortgage, you agree to be bound by all obligations of the original borrower under the Mortgage.

8.16 Inspection

You agree that:

- (i) if we, or any mortgage insurance company, if this is an Insured Mortgage, or any of our respective agents, have reason to believe the Property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that any of the parties mentioned herein, or their agents, may, at any time, before or after Default, enter and inspect the Property and conduct any environmental testing, site assessment, investigation or study, which any of the parties mentioned herein, or their agents, deem necessary;
- (ii) You agree that the cost of this testing, assessment, investigation or study, with interest at the Interest Rate, at the highest interest rate payable under the Mortgage, will be immediately payable by you and shall be a Debt; and

- (iii) Neither we, nor any mortgage insurance company (if this is an Insured Mortgage), nor any of our agents shall become a mortgagee in possession, management or control by exercising these rights.

8.17 Short Covenants

If you own the Property, you covenant with the Mortgagee that you:

- (i) have a good title to the said lands;
- (ii) have the right to mortgage the said lands;
- (iii) have done no act to encumber the said lands;
- (iv) will execute such further assurances of the said lands as may be requisite;
- (v) and that, on default, the Mortgagee shall have quiet possession of the said lands free from all encumbrances.

ARTICLE 9

PROVISIONS FOR SPECIFIC TYPES OF PROPERTIES

9.01 Promises for Leased Property.

If the Property is a Leased Property, you promise and confirm to Mortgagee that:

- (i) You own your leasehold interest in the Property;
- (ii) You have the right to mortgage or charge the Lease and sublet the Leased Property to Mortgagee;
- (iii) If required under the Lease, you have obtained the landlord's consent to the Mortgage;
- (iv) Neither you nor any other person has mortgaged or otherwise encumbered the Lease or your rights under the Lease;
- (v) The Lease is a valid, existing lease and has not been amended except as you have advised Mortgagee in writing;
- (vi) You have paid the rent and performed your obligations under the Lease up to the date you signed the Mortgage and there is no default under the Lease;
- (vii) You will not amend, surrender or terminate the Lease without Mortgagee's prior Approval;
- (viii) You will pay the rent under the Lease and perform your obligations under the Lease as long as the Debt is outstanding;
- (ix) You will provide Mortgagee with any notice of default under the Lease that you receive;
- (x) You will indemnify Mortgagee from all actions, claims and demands relating to defaults under the Lease; and
- (xi) You will assign the last day of the term of the Lease, or any renewal term, which you hold in trust for Mortgagee to Mortgagee.

9.02 Additional Provisions for Leased Property.

If the Property is a Leased Property, the following provisions apply:

- (i) You mortgage and charge the Leased Property to Mortgagee as security only and not as a complete assignment of your interest.
- (ii) You sublease the Leased Property to Mortgagee to the extent required by Law for the mortgage and charge to be effective for the remainder of the term of the Lease, except for the last day of the term of the Lease (including the last day of any renewal).
- (iii) You hold all other rights under the Lease in trust for Mortgagee, including the last day of the term, and any right of renewal or right to purchase.
- (iv) You hereby irrevocably appoint Mortgagee as your agent. If there is default under the Mortgage, Mortgagee may, as your agent, assign the Lease and the last day of the term of the Lease as Mortgagee may determine in its discretion.
- (v) If Mortgagee sells the Leased Property pursuant to Article 9, Mortgagee may assign your interest in the Lease to a purchaser.
- (vi) Mortgagee may at any time remove you or any other person from being a trustee of the Lease under the trust set out in Subsection 8.02(a) and appoint a new trustee in your place.
- (vii) At Mortgagee's request but at your cost, you will assign to Mortgagee the last day of the term of the Lease or any renewal or substituted term.
- (viii) If Mortgagee sells the Leased Property under applicable Law you will hold the Leased Property and the last day of the term in trust for any purchaser.
- (ix) If you neglect or refuse to renew the Lease, then Mortgagee may renew the Lease in its own name so that the Lease will continue to be security for the Mortgage.
- (x) If you have not performed your Obligations, Mortgagee may, on reasonable written notice to you assign the Lease.
- (xi) Any assignment may be on the terms set out in these Standard Mortgage Terms.
- (xii) No sale or other dealing by you with the Lease or the Leased Property and no extension of time given by Mortgagee to you, or anyone claiming under you, or any dealing by Mortgagee with the landlord or the Lease, will in any way affect or prejudice Mortgagee's rights against you or any other person liable to repay the Debt.
- (xiii) If you acquire any additional interest in the Leased Property, then by the Mortgage you charge that additional interest to Mortgagee without you or Mortgagee having to do any thing further.

9.03 Additional Promises if the Property is a Condominium Unit.

- (i) You promise to perform all of your obligations under the *Condominium Property Act* and under the Bylaws, the by-laws and the rules of the Condominium Corporation. Any breach of those obligations will constitute a Default under the Mortgage. In addition, the following provisions apply:
 - (ii) You will pay promptly when due your contribution to Common Expenses.
 - (iii) On request, you will immediately provide Mortgagee with satisfactory evidence that all Common Expenses have been paid.

- (iv) Mortgagee may deduct from any advance of the Principal Amount the amount of Common Expenses that are payable and are unpaid at the date of that advance.
- (v) If Mortgagee requests, you will give it copies of all notices, financial statements, reserve fund studies and other documents from time to time given to you by the Condominium Corporation.
- (vi) If Mortgagee gives you notice, you will pay to Mortgagee the amount necessary to pay Common Expenses. Mortgagee will remit all sums to the Condominium Corporation on your behalf.
- (vii) You irrevocably authorize Mortgagee to exercise your right to vote or to consent in all matters relating to the affairs of the Condominium Corporation, provided that:
 - (a) Mortgagee will only exercise your right to vote or consent if Mortgagee has given you and the Condominium Corporation the notice required by the *Condominium Property Act* that Mortgagee intends to exercise this right;
 - (b) Mortgagee is not under any obligation to vote or consent;
 - (c) in voting or consenting, Mortgagee is not obligated to protect your interests, but may vote or consent as Mortgagee, in its discretion, determines; and
 - (d) if Mortgagee votes or consents Mortgagee is not a mortgagee in possession.
- (viii) You may not vote for any action that might reduce the value of your unit, the complex, or Mortgagee's interest therein. You must comply with this section even if Mortgagee would not have been able to exercise your right to vote.

ARTICLE 10 ENFORCEMENT

10.01 Enforcing Mortgagee's Rights.

If you do not comply with any of your Obligations, Mortgagee may, subject to applicable Laws, exercise any one or more of the remedies listed below in any order that Mortgagee chooses:

- (i) Immediate Payment.
Mortgagee may, at its option without notice to you, require all Debt to be paid to Mortgagee immediately.
- (ii) Legal Action.
Mortgagee may take whatever legal action is necessary to collect all or part of the Debt. This legal action may include suing you for the Debt.
- (iii) Personal Property.
Mortgagee may enter the Property and distrain against (i.e. seize and sell) any personal property owned by you to repay all or part of the Debt.
- (iv) Take Possession of the Property.
Mortgagee may take and keep possession of the Property, collect rents from it and manage or lease the Property or any part of it. Before Mortgagee takes possession of the Property, Mortgagee can ask you to leave the Property with all your belongings and if you do not do so, we may make any necessary applications and the Courts of Alberta may order you to leave. If you refuse to do so, the Courts of Alberta may have you forcibly removed. If you have not removed your personal belongings from the Property before Mortgagee takes possession, you authorize Mortgagee to remove and

dispose of your belongings in any manner that Mortgagee, in its absolute discretion, deems appropriate, without notice to you. Mortgagee will have no liability for moving, disposing or storing those belongings. You will be responsible for all Costs incurred by Mortgagee in dealing with those belongings. These Costs will be added to the Debt.

(v) Lease the Property.

Mortgagee may take possession of the Property and lease it on any terms that Mortgagee determines in its discretion without notice to you. Mortgagee may apply the net proceeds of any lease to reduce the Debt. If the net proceeds do not pay all of the Debt, you must immediately pay Mortgagee the difference.

(vi) Foreclosure.

Mortgagee may take court proceedings to foreclose your interest in the Property. If Mortgagee obtains a final order of foreclosure, your interest in the Property will belong to Mortgagee and you will have no further interest in the Property.

(vii) Judicial Sale.

Mortgagee may ask the court to order a sale of the Property, under the court's supervision. If the amount Mortgagee receives from the sale of the Property is less than the Debt, you must immediately pay Mortgagee the difference.

(viii) Power of Sale.

If any Default continues for at least fifteen (15) days, subject to applicable Laws, or any other minimum period that may be prescribed by Law, Mortgagee may sell the Property or any part of it. Any sale may be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on any terms that Mortgagee determines in its discretion. Mortgagee will apply the net proceeds of any sale to reduce the Debt. If the net proceeds do not pay all of the Debt, you must immediately pay Mortgagee the difference.

(ix) Cure any Defaults.

Mortgagee may, but is not obligated to, cure any of your defaults under the Mortgage at your expense, and generally take any other steps of proceedings against you as are permitted by Law. You will immediately pay Mortgagee any money we spend or are obligated to spend in curing any Defaults. Mortgagee may add any money it has spent curing your Defaults to the Debt. In order to cure any Defaults, Mortgagee may enter on the Property as often as necessary at any time. If Mortgagee enters the Property, we will not be a mortgagee in possession.

10.02 Other Defaults.

Mortgagee may also exercise its remedies under this Article if any one or more of the following occurs:

- (i) if the Property is the subject of a restraint order under the Controlled Drugs and Substances Act or a similar order under any Law;
- (ii) if you have ever used, or currently use the Property for any purpose that is in violation of the Controlled Drugs and Substances Act or any similar Law; or
- (iii) if you have made any material misrepresentation to Mortgagee in connection with the Mortgage or the Credit Documents.

10.03 Costs of Proceedings.

The Costs of any sale or foreclosure proceedings, whether or not the sale or foreclosure is completed, or any Costs that Mortgagee incurs in taking or keeping possession of the Property or enforcing its remedies under the Mortgage, are immediately payable by you whether or not any actual proceeding has commenced.

10.04 Prepayment After Default

If we declare the Principal Amount, or balance of the Mortgage, payable upon the occurrence of an event of Default and the balance declared due is paid prior to the Balance Due Date or the Maturity Date of the last renewal, you agree to compensate us as liquidated damages for costs reasonably incurred by us and not as a penalty (in addition to Costs), in lieu of providing us with three (3) months' notice, in the following manner:

- (i) if the Mortgage secures Variable Rate Debt, an amount equal to three (3) months' interest at the then current Variable Interest Rate on the outstanding Variable Rate Debt;
- (ii) if the Mortgage secures Fixed Rate Debt, an amount equal to the greater of
 - (a) three (3) months' interest at the Fixed Interest Rate on the outstanding Fixed Rate Debt or
 - (b) the Interest Rate Differential calculated on the outstanding Fixed Rate Debt.

10.05 Payment after Maturity.

Where there is a Default after the Balance Due Date or Maturity Date of the last renewal of the Mortgage, you may pay the outstanding Principal Amount of the Mortgage only upon payment of three (3) months' interest calculated on the outstanding Principal Amount (at the current rate of Interest in effect on the date of such Default) in lieu of three (3) months' notice and as liquidated damages for costs reasonably incurred by us and not as a penalty (in addition to Costs).

10.06 Appointment of Receiver.

If you do not comply with any of your Obligations, Mortgagee may appoint a Receiver on any terms (including remuneration) that Mortgagee deems reasonable. Mortgagee may also remove any Receiver and appoint another Receiver. The following provisions apply:

- (i) The Receiver will be your agent, not Mortgagee's.
- (ii) You alone will be responsible for any of the Receiver's acts or omissions.
- (iii) Mortgagee will not be responsible for any misconduct or negligence of the Receiver.
- (iv) Any Receiver may or may not be Mortgagee's officer or employee.
- (v) Appointing a Receiver will not constitute Mortgagee as a mortgagee in possession.
- (vi) From the income collected, the Receiver may pay all Taxes, insurance premiums and other expenses required to keep the Property in good condition; pay its own fees as Receiver; pay all amounts required to keep any mortgages or other interests ranking in

priority to the Mortgage in good standing; pay Interest; and pay all or any part of the Debt, whether due or not.

- (vii) Mortgagee is not accountable for any money received by the Receiver except to the extent that Mortgagee actually receives that money.

The Receiver may do any one or more of the following:

- (i) use every right or remedy that Mortgagee has under the Mortgage to collect the income from the Property, take possession of all or part of the Property, manage the Property and keep the Property in good condition;
- (ii) manage any business conducted on the Property;
- (iii) lease all or any portion of the Property, and for this purpose enter into contracts in your name that will be binding on you;
- (iv) sell the Property;
- (v) arrange for the repair and maintenance of the Property; arrange to complete any construction on the Property; arrange for construction of leasehold improvements;
- (vi) register plans of subdivision and declarations and descriptions for the Property;
- (vii) take possession of and use any materials, supplies, plans, tools or equipment on the Property; and
- (viii) borrow money on the security of the Property in priority to the Mortgage.

The rights and powers in this Section are supplemental to any other rights and powers that Mortgagee may have.

10.07 Court Appointed Receiver.

Mortgagee may ask the Court to appoint a Receiver, or confirm the appointment of a Receiver, of the Property. The terms of the appointment of this Receiver will be as the Court determines.

ARTICLE 11

MISCELLANEOUS PROVISIONS

11.01 Judgments.

If Mortgagee obtains a judgment because of your Default in any Obligation, that judgment will not operate as a merger of any Obligation or affect Mortgagee's right to Interest. Any judgment will provide that Interest is to be computed at the same rate and in the same manner as set out in the Mortgage until the judgment is fully paid. If the Mortgage is a high ratio mortgage to which sections 43(4.1) and (4.2) and 44 (4.1) and (4.2) of the *Law of Property Act* (Alberta) apply, you and any one who, expressly or impliedly, assumes the Mortgage from you, could be sued for any obligations under the Mortgage if there is a default by you or a person who assumes the Mortgage.

11.02 Expropriation

If the entire Property is expropriated, the Debt will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Mortgage Terms.

If only a part of the Property is expropriated, the amount you are awarded for the partial expropriation will be paid to Mortgagee and we will credit this amount to your Debt. If, in Mortgagee's opinion, the remainder of the Property does not provide adequate security for the remaining Debt, then the Debt, or any part of the Debt as Mortgagee determines, will immediately become due and payable, plus any loss of interest.

11.03 Administration Fees

You agree to pay to us servicing fees to cover our time and costs for administration of the Mortgage including without limitation, a fee or allowance for:

- (i) dealing with each late or missed payment and for replacement of each cheque or other instrument not honoured when presented for payment, or any preauthorized payment which does not clear as scheduled;
- (ii) preparing each assumption, arrears, reinstatement, discharge or other mortgage statement, whether provided to you, our agents or solicitors or any other interested person;
- (iii) processing each application to obtain our consent to assume the Mortgage or our approval or consent for any other matter required by the Mortgage whether or not approval or consent is provided or the matter is completed;
- (iv) processing each extension, renewal, restructuring or other amendment of the Mortgage or amounts secured by the Mortgage, whether or not completed;
- (v) investigating the status of any insurance and administering insurance cancellations and paying insurance premiums;
- (vi) investigating the status of realty tax payments and administering tax payments;
- (vii) registering a financing statement or financing change statement or issuing or receiving any notice or information, security status or acknowledgement request and conducting any required searches;
- (viii) registering electronically or otherwise or executing and delivering any discharge of this Mortgage (notwithstanding that the discharge may have been prepared by you or other person on your behalf);
- (ix) the personal time and trouble of our employees or agents in collecting any payment or inquiring into compliance or otherwise reviewing or dealing with or enforcing any other obligation contained in this Mortgage or instructing and assisting counsel or other agents with respect to the enforcement of this Mortgage and any litigation in relation thereto or in managing or selling the Property including, without limitation, with respect to taxes, condominium fees and matters, insurance, repair and construction, environmental matters, leases and other encumbrances, and
- (x) generally, any matter connected with the proper administration of the Mortgage.

Our administration fees shall be the amounts established and generally applied by us from time to time and may be disclosed in a Schedule to the Mortgage or ascertained upon inquiry to us.

11.04 Discharge.

When you have paid the Debt in full and performed all of your other Obligations, Mortgagee will, if requested by you, deliver to you a discharge of the Mortgage. Mortgagee will have a reasonable time to prepare and sign the discharge. The Costs of registration of any discharge will be your responsibility.

11.05 Conflict.

If there is any conflict between the terms of the Mortgage and the terms of the Commitment, the terms of the Commitment will prevail. If there is any conflict between the terms of the Mortgage and the terms of the Credit Documents (other than the Mortgage), the Credit Documents (other than the Mortgage) will prevail. If there is any conflict between the terms of the Mortgage and the terms of any Renewal Agreement, the Renewal Agreement will prevail.

11.06 Notices by Mortgagee.

Unless otherwise stated in the Mortgage, and subject to Article 6, if the Mortgage allows or requires Mortgagee to make a demand on, give a notice or consent to or make a request of any person (including you), Mortgagee may make the demand, give the notice or consent or make the request, in any one or more of the following ways, at Mortgagee's sole discretion:

- (i) by delivering it personally to the person;
- (ii) if the borrower is a corporation, by delivering it personally to a director, officer or employee of the corporation;
- (iii) by transmitting it by facsimile to the person;
- (iv) by transmitting it via e-mail to the person;
- (v) if the person is a corporation, by transmitting it via e-mail to a director, officer or employee of the corporation;
- (vi) by mailing it by prepaid registered mail addressed to the person at the person's last known address on the records of Mortgagee; or
- (vii) by transmitting it by any other means as Mortgagee Approves in writing in advance.

Unless otherwise stated in the Mortgage, notice will be regarded as received:

- (i) when it is personally delivered to the person or to a director, officer or employee of the corporation;
- (ii) on the day of the facsimile transmission or, if that day is not a Business Day, on the first Business Day after the facsimile transmission;
- (iii) on the first Business Day after the e-mail to the person or to a director, officer or employee of the corporation;
- (iv) five (5) days after the date of mailing, whether the person receives it or not; or
- (v) on any other date when Mortgagee advises you of an alternative method of notice.

11.07 Notices by You

Any notice that you give to Mortgagee must be by one of the following methods:

- (i) registered mail, postage prepaid to Mortgagee's address in Ontario;
- (ii) personal delivery to the manager of the department at Mortgagee that administers the Mortgage;
- (iii) facsimile transmission to Mortgagee's then designated facsimile number;
- (iv) e-mail to Mortgagee's then designated e-mail account; or
- (v) any other method that Mortgagee Approves in writing in advance.

Unless otherwise agreed to by you and Mortgagee, notice will be deemed to be received:

- (i) five (5) days after mailing by registered mail;
- (ii) when personally delivered to the manager of the department of the Mortgagee's office that administers the Mortgage; or
- (iii) on any other date when we advise you of an alternative method of notice.

11.08 Number.

Words in the singular include the plural and words in the plural include the singular.

11.09 Who is Bound.

The Mortgage is binding on you, your legal and personal representatives, your heirs, your successors and your assigns. The Mortgage is also binding upon anyone to whom you transfer the Property. The Mortgage is binding on Mortgagee, on its successors and on anyone to whom Mortgagee may transfer the Mortgage.

11.10 Guarantee

Each person signing or joining in the Mortgage as a Guarantor agrees in consideration of our making a mortgage to you, as follows:

- (i) The Guarantor, with you, as principal debtor and not as surety will duly pay or cause to be paid all amounts payable under this Mortgage on the days and at the times and in the manner provided for payment of the same;
- (ii) The Guarantor unconditionally guarantees full performance and discharge of all your obligations under the provisions of this Mortgage at the times and in the manner provided in this Mortgage;
- (iii) The Guarantor indemnifies and saves us harmless from and against all losses, damages, costs and expenses which we may sustain, or incur or be or become liable for by reason of:
 - (a) the failure for any reason whatsoever by you to pay the amounts payable under this Mortgage or to do and perform any other act, matter or thing required by the provisions of this Mortgage; or

- (b) any act, action or proceeding, of or by us, for, or in connection with, the recovery of the amounts payable under this Mortgage by you, or enforcing the performance by you or any other person liable under this Mortgage of any act, matter or thing required by the provision of this Mortgage;
- (iv) We shall not be obliged to proceed against you or any other person liable under this Mortgage or to enforce or exhaust any security before proceeding to enforce any obligations of the Guarantor and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any of your debts or obligations under this Mortgage or the enforcement of any security for any such debt or obligation;
- (v) We may, without notice to and the consent or approval of the Guarantor, grant extensions of time for payment, make renewals, increase, vary and amend the Interest Rate, the Principal Amount and other terms of the Mortgage and the Debt, release the whole or any part of the Property or other security from this Mortgage, or otherwise deal with you, any of the indebtedness secured by this Mortgage or the Property or other security as we see fit without releasing or lessening the liability of the Guarantor;
- (vi) The Guarantor agrees to be bound by each such renewal, variation and amendment of any terms of the Mortgage we make with you and each reference to the Mortgage shall mean the Mortgage as so renewed and amended from time to time, regardless of whether made with or without the knowledge, consent or approval of the Guarantor;
- (vii) No delay or carelessness or neglect by us in asserting any of our rights, nor the loss of any right by operation of law, nor the loss or destruction of any security, nor the lack of validity or enforceability of all or any part of this Mortgage or any other security held for or any document evidencing any part of the indebtedness or liability secured by the Mortgage will in any way release or lessen the liability of the Guarantor;
- (viii) The Guarantor has read these Standard Mortgage Terms and is fully aware of and agrees with its terms and in particular, the terms of this Guarantee;
- (ix) Where there is more than one Guarantor, each Guarantor is jointly and severally responsible under this guarantee with the other Guarantor(s) and you;
- (x) We may serve notice on the Guarantor and any notice to the Guarantor shall be deemed received in the same manner as provided for notice to you in this Mortgage.

11.11 Consents and Disclosure.

You consent to Mortgagee transferring, selling or assigning the Mortgage and all of its rights under the Mortgage. If Mortgagee does so, it may disclose information about you and the Mortgage to anyone to whom Mortgagee transfers, sells or assigns its rights.

Mortgagee may also disclose information about you and the Mortgage to an insurer or other third party from whom Mortgagee may obtain benefits that protect its security, including, but not limited to, regulators and auditors.

You consent to insurers and other third parties that provide benefits or services to Mortgagee for the Mortgage obtaining information about you from credit bureaus and other lenders to evaluate you and the Mortgage.

11.12 Partial Invalidity.

If any provision of the Mortgage is found to be invalid or unenforceable, the validity and enforceability of all other provisions in the Mortgage will not be affected.

11.13 Effect of Amendments.

Any agreement to make an Amendment to the Mortgage including, without limitation, any extension of time for payment, change in the Interest Rate or renewal or extension of the Term, will apply not only to those who Approve the Amendment but also to any Guarantor and to any other person who was a party to the Mortgage but did not Approve the Amendment.

11.14 Liability.

If two or more persons are liable under the Mortgage, their liability is both joint and several (that is, they are each liable for the full performance of all Obligations).

11.15 Telephone Calls.

You agree that Mortgagee may record any telephone calls to ensure quality service and to confirm your discussions with Mortgagee and any of its employees.

11.16 Governing Law.

The Mortgage shall be governed by the Laws of Alberta and the applicable federal Laws of Canada. You submit to the jurisdiction of the courts of Alberta with respect to the Mortgage.

11.17 National Housing Act

If the Mortgage is an Insured Mortgage, the Mortgage is made under the *National Housing Act* (Canada).

11.18 Statute References.

A reference in the Mortgage to a statute includes the statute as it may be amended and any replacement or substitute statute.

11.19 Equivalent Rates

The following table lists interest rates calculated monthly not in advance per annum together with the equivalent interest rates calculated half-yearly not in advance per annum. You may determine the equivalent interest rate by looking at an interest rate under the heading “interest rate per annum calculated monthly not in advance (%)” and comparing that interest rate to the interest rate set forth

in the column immediately to the right of the said interest rate in the column under the heading “interest rate per annum calculated half-yearly not in advance (%)”. This table is provided in order to satisfy any requirement under the Interest Act (Canada) to provide equivalent interest rates calculated half-yearly not in advance per annum.

interest rate per annum calculated monthly not in advance (%)	interest rate per annum calculated half-yearly not in advance (%)	interest rate per annum calculated monthly not in advance (%)	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
3.0000	3.01881	12.125	12.43544
3.1250	3.14542	12.250	12.56692
3.2500	3.27208	12.375	12.69846
3.3750	3.39882	12.500	12.83008
3.5000	3.52562	12.625	12.96176
3.6250	3.65249	12.750	13.09351
3.7500	3.77942	12.875	13.22533
3.8750	3.77942	13.000	13.35721
4.0000	4.03348	13.125	13.48916
4.1250	4.16061	13.250	13.62118
4.2500	4.28781	13.375	13.75327
4.3750	4.41507	13.500	13.88543
4.5000	4.54240	13.625	14.01766
4.6250	4.66979	13.750	14.14995
4.7500	4.79725	13.875	14.28231
4.8750	4.92478	14.000	14.41474
5.0000	5.05237	14.125	14.54724
5.1250	5.18003	14.250	14.67981
5.2500	5.30776	14.375	14.81244
5.3750	5.43555	14.500	14.94514
5.5000	5.56341	14.625	15.07791
5.6250	5.69133	14.750	15.21075
5.7500	5.81932	14.875	15.34366
5.8750	5.94738	15.000	15.47664
6.0000	6.07550	15.125	15.60968
6.1250	6.20369	15.250	15.74279
6.2500	6.33195	15.375	15.87597
6.3750	6.46027	15.500	16.00922
6.5000	6.58866	15.625	16.14254
6.6250	6.71711	15.750	16.27593
6.7500	6.84564	15.875	16.40939

interest rate per annum calculated monthly not in advance (%)	interest rate per annum calculated half-yearly not in advance (%)	interest rate per annum calculated monthly not in advance (%)	interest rate per annum calculated half-yearly not in advance (%)
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		

11.21 Receipt

You hereby acknowledge receipt of a true copy of the Mortgage and the foregoing Standard Mortgage Terms before signing the Mortgage.

-END OF SET-