

**ADDITIONAL PROVISIONS
COMMERCIAL LOAN PROGRAM – CLOSED MORTGAGE**

YOUR MORTGAGE DOCUMENTS SHALL INCLUDE THE FOLLOWING ADDITIONAL PROVISIONS IN ADDITION TO OUR STANDARD MORTGAGE PROVISIONS.

NOTWITHSTANDING anything to the contrary contained in the Standard Charge Terms (and in the event of any contradiction, the following provisions shall prevail), the Chargor covenants and agrees with the Chargee as follows:

1. To pay to the Chargee its administration and/or servicing fees for the following matters, in the amounts set forth:
 - (a) Missed Payment Fee (payable for each missed or late installment and for processing each “NSF” cheque or other returned payment) - \$200.00. Provided that if any cheque is returned NSF, any replacement cheque must be certified. If such replacement cheque is not certified, the Chargee shall be entitled to have it certified, and to add all the costs of certification (including courier charges to and from the Chargor’s Bank) to the amount owing on the Mortgage.
 - (b) Insurance (payable for dealing with each cancellation, premium payment or other non-compliance with insurance requirements) - \$200.00.
 - (c) Taxes – for tax status inquiry - \$200.00 plus costs of municipal tax certificate.
 - (d) Default proceedings (payable for each demand letter, action or proceeding instituted) - \$750.00
 - (e) Amortization Schedule (preparation) - \$25.00.
 - (f) Mortgage Statements (for preparation of each Statement) - \$100.00.
 - (g) Discharge Administration Fee - \$250.00
 - (h) On default, payment of an amount equal to three month’s interest on the principal balance outstanding.
 - (i) PPSA Registration Fee – including, but not limited to, registration of renewal, discharge, name change, etc. -\$100.00
 - (j) Telecommunications costs - the Chargee’s out of pocket costs for communicating with the Chargor in the event of default (such as costs of telegram delivery).
 - (k) Deferral Fee - \$50.00 for each deferment given to the Chargor permitting a delay in payment to a date other than the due date of such payment.
 - (l) Inspection Fee - the Chargee’s out of pocket costs for each inspection conducted after default, or to preserve the security herein charged.

Any administration and/or servicing fees owing by the Chargor to the Chargee which is not paid shall be added to the mortgage indebtedness and shall bear interest at the rate herein set forth.

2. The Chargor agrees to pay all legal and other expenses incurred by the Chargee in connection with the preparation and registration of any security interests pursuant to the Personal Property Security Act and any renewals thereof forthwith upon demand and such fees and expenses, together with interest thereon at the interest rate charged hereunder, shall be added to the principal sum secured by the within charge if not paid by the Chargor.

3. In the event of the Chargor further encumbering the property without the prior written consent of the Chargee, such further encumbering shall constitute a default under this mortgage and in such event, at the sole option of the Chargee, all money owing under the herein mortgage shall immediately become due and payable.

(a) The Chargor covenants and agrees with the Chargee that the Chargor will obtain the prior written consent of the Chargee before executing any lease, offer or agreement to lease, or any tenancy agreement for the lease of the whole or any part of the Charged property regardless of the length of term of any such lease, offer or agreement to lease, or tenancy agreement.

(b) The Chargor further covenants and agrees with the Chargee that forthwith after any change or happening affecting any of the leases, offers or agreements to lease, or any tenancy agreements the

Chargor will forthwith advise the Chargee accordingly in writing and will furnish the Chargee with full particulars thereof.

(c) If the charged property is leased in whole, or in part, by the Chargor without the prior written consent of the Chargee, or if the Chargor fails to inform the Chargee of any change or happening affecting any of the leases as set out above all sums secured hereunder, together with accrued interest and unearned interest thereon until maturity shall at the Chargee's option forthwith become due and payable.

4. PREPAYMENT COSTS FOR CLOSED MORTGAGE

4.1 *Payment Before Balance Due Date*

The Chargor, if not in default, shall have the right to prepay, on any regular payment date that the Chargee is open for business, the whole, but not any partial payments of principal, of the outstanding principal balance of the Charge, (the "prepayment amount") with accrued interest to the date of prepayment together with all monies owing, secured or payable under the Charge, and together with the greater of:

- a) three months' interest on the prepayment amount at the date of prepayment calculated at the mortgage interest rate payable by the Chargor hereunder; and
- b) the amount calculated by the Chargee, if any, as of the date of prepayment, by which the present value of the future payments until maturity of the Charge with respect to the prepayment amount discounted at the Government of Canada Yield, calculated semi-annually not in advance, exceeds the outstanding principal of the prepayment amount (the "mortgage yield maintenance fee") as determined by the Chargee.

"Government of Canada Yield" means the yield to maturity, calculated semi-annually, which an assumed new issue of non-callable Government of Canada bonds denominated in Canadian dollars would carry if issued at par for a term to maturity as close as possible but not shorter, to the remaining term of this Charge from and after the payment date."

[Example: If Your Mortgage was originally a \$210,000 closed mortgage at 6% per annum for a term of 3 years and you intend to prepay (or are required to prepay because of your default) all of Your Outstanding Principal after one year and nine months, at which time you have a principal balance of \$200,000.00, you would pay in addition to your principal balance of \$200,000.00 (and all other amounts due as set out in Your Mortgage):

- (x) 6% per annum interest on \$200,000.00 for three months $\$200,000.00 \times 6\% = \$12,000.00$ per year; $\$12,000.00 \text{ per year} \div 12 \text{ (months)} = \$1,000.00 \text{ per month}$; $\$1,000.00 \text{ per month} \times 3 \text{ (months)} = \$3,000.00$

If the principal sum secured hereunder becomes due and payable as a result of a breach, default (including payment after the Balance Due Date) or acceleration (collectively "Acceleration") for any reason whatsoever, the Chargor shall pay to the Mortgagee the following amounts:

- (a) the principal outstanding secured hereunder as of the date of the Acceleration;
- (b) accrued interest on the principal sum outstanding to date of payment;
- (c) costs and all other monies secured and payable pursuant to the within Charge; and the greater of the following two amounts:
 - (i) three months interest on the principal balance outstanding at the time of such Acceleration calculated at the mortgage interest rate payable by the Chargor hereunder; and

(ii) the mortgage yield maintenance fee (calculated as if the amount paid pursuant to (a) above was prepayment amount).

The Chargor and the Guarantor acknowledge that the prepayment costs are paid as liquidated damages and not as a penalty given that it is a genuine pre-estimate of the loss of interest income that will be suffered by the Chargee as a result of the prepayment of principal including prepayment thereof by reason of the Chargor's breach, default or acceleration, having regard to the fact that the Chargee matches fixed rate mortgage investments against obligations, that the Chargee is not able to immediately re-invest funds received in mortgages and that the re-investment of funds in mortgages involves significant costs.

Subject to the above provisions, the Chargor acknowledges and agrees that the principal sum secured herein or any part thereof, may not be prepaid during the term of the within Charge

4.2 Payment After Balance Due Date

Your Outstanding Principal, the accrued interest on Your Outstanding Principal, and any costs or other amounts due in connection with Your Mortgage (the "Final Balance Outstanding") is due on Your Balance Due Date and if not paid by you until after Your Balance Due Date, in order to obtain a discharge you must pay, in addition to Your Final Balance Outstanding an amount equal to three months' interest on Your Outstanding Principal calculated at the interest rate set out in Your Mortgage *[see the example below]*.

[Example: If Your Outstanding Principal on Your Balance Due Date is \$200,000.00 and your interest rate is 6% per annum, then you would pay three months interest thereon calculated as follows: \$200,000.00 x 6% per annum = \$12,000 per year; \$12,000.00 per year ÷ 12 (months) = \$1,000.00 per month; \$1,000.00 per month x 3 (months) = \$3,000.00.]

For the purposes of the foregoing provisions numbers 4.1 & 4.2 the following words shall have the following meaning:

"you" shall mean the borrower(s) named in Your Mortgage and anyone to whom you have transferred title to the property or who has agreed to be bound by the terms of Your Mortgage, and also referred to in Your Mortgage as Chargor(s)

"us" shall mean the lender, that is, The Equitable Trust Company, and also referred to in Your Mortgage as the Chargee and anyone to whom we have assigned Your Mortgage.

5. In respect of Mortgages/Charges that are registered in the electronic registration system, the Chargor shall pay the cost of the Chargee's legal fees to prepare the discharge and cost of registration.

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

SCHEDULE "A" of Additional Provisions

1. Realty Taxes The Chargor will pay an additional monthly payment of 1/12th of the estimated annual realty taxes assessed against the subject property. This payment will be adjusted from time to time in order to pay the taxes as they fall due. The Chargee reserves the right

to allocate a portion of the initial advance of the Charge funds towards the final estimated realty taxes for the initial year of the term.

2. Assignment of Rents As further security to this Charge, the Chargor covenants and agrees to grant to the Chargee a specific assignment of all rents and leases of premises in the building on the lands comprising the security of this Charge.
3. Environmental The Chargee or agent of the Chargee may, at any time, before and after default, and for any purpose deemed necessary by the Chargee, enter upon the said lands to inspect the land and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee (or its respective agents) may enter upon the said lands to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee; and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the mortgage rate, shall be payable by the Chargor forthwith and shall be a charge upon the said lands. The exercise of any of the powers enumerated in this clause shall not deem the Chargee, or its respective agents to be in possession, management or control of the said lands and buildings.

In consideration of the advance of funds by the Chargee, the Chargor hereby agrees that, in addition to any liability imposed on the Chargor under any instrument evidencing or securing the loan indebtedness, the Chargor shall be jointly and severally liable for any and all of the costs, expenses, damages or liabilities of the Chargee, its directors and officers (including, without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of any hazardous or noxious substances and such liability shall survive foreclosure of the security for the loan and any other existing obligations of the Chargor to the Chargee in respect of the loan and any other exercise by the Chargee of any remedies available to them for any default under the loan.

4. Due on Sale The Chargor covenants and agrees with the Chargee that in the event of the Chargor selling, conveying, transferring or entering into an agreement for sale or of transfer of title of the property hereby mortgaged to a purchaser or transferee not approved, in writing, by the Chargee, which approval shall not unreasonably be withheld, all monies hereby secured with accrued interest thereon shall at the option of the Chargee forthwith become due and payable. Notwithstanding anything contained herein, the Borrower/Covenantor acknowledges that this mortgage can only be assumed provided that the Borrower/Covenantor obtains the prior written consent of the Lender, whose consent shall be given or withheld at its option in its sole and subjective discretion.
5. No Further Encumbrances The Chargor shall not, without the Chargee's prior written approval, charge or otherwise encumber the property or any part thereof or its interest therein.
6. Financial Statements Until repayment of the mortgage loan and upon request by the Chargee, the Chargor covenants to provide the Chargee detailed financial statements in accordance with the terms of the mortgage loan commitment, as same may be amended from time to time (the "Letter of Commitment"), issued to the Chargor. Failure to deliver the said financial statements and/or other related information shall constitute an event of default under this Charge.
7. Professional Management At all times the Chargor is to provide professional management of the Property satisfactory to the Chargee. Any change in the management of the Property

shall require the prior written consent of the Chargee, both as to the manager and the terms and conditions of the management agreement. The Chargee acknowledges that the Chargor will be managing the Property on closing.

8. Survival of Commitment The terms, conditions, representations and warranties expressed herein and in the Letter of Commitment shall continue in effect as long as any part of the Loan amount remains outstanding and shall bind the personal representatives, heirs, successors and assigns of the Lender, the Borrower and each Guarantor, if any, and shall endure to the benefit of the successors and assigns of the Lender, the Borrower and each Guarantor.

Any default by the Borrower with regard to any provision of the Letter of Commitment shall constitute a default under this Charge.

9. Prepayment Privilege This Charge shall be closed for the duration of its term. Notwithstanding same, providing the Chargor has never been in default hereunder, the Chargor shall be entitled to a Ten PER CENT (10%) annual prepayment on a non-cumulative basis, on each anniversary date of the loan without penalty.

10. Definitions In construing the terms hereof, the words "Charge", "Chargee", "Chargor", "land" and "successor" shall have the meanings assigned to them in Section 1 of the *Land Registration Reform Act* and the words "Chargor" and "Chargee" and the personal pronouns "he", "she", "her" and "his" relating thereto and used therewith shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees, and "he", "she", "they", or "it", "his", "her", "their" or "its", respectively, as the number and gender of the parties referred to in each case require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. And that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargor or Chargors, Chargee or Chargees, shall be equally secured to and exercisable by his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be. The word "successor" shall also include successors and assigns of corporations including amalgamated and continuing corporations. And that all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor or Chargors, Chargee, or Chargees, shall be equally binding upon his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be, and that all such covenants and liabilities and obligations shall be joint and several.

Throughout this Charge, the terms "Mortgagor" and "Borrower" shall be interchangeable with the word "Chargor" and shall mean the Chargor. Throughout this Charge, the terms "Mortgagee" and "Lender" shall be interchangeable with the word "Chargee" and shall mean the Chargee. The terms "Charge" and "Mortgage" shall also be interchangeable and shall mean this Charge in its entirety.

The paragraph headings in the provisions hereto are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.