



STANDARD MORTGAGE TERMS

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The following set of standard mortgage terms shall be deemed to be included in every mortgage in which the set is referred to by its filing number, as provided in Section 225 of the *Land Title Act*, except to the extent that the provisions of this set of standard mortgage terms are modified by additions, amendments or deletions in a schedule, if any.

1. INTERPRETATION & DEFINITIONS

In this set of standard mortgage terms:

Act means the *Land Title Act, R.S.B.C. 1996, c.250*, (as amended or replaced);

borrower, you and **your** mean each person who signs the mortgage as borrower(s);

borrower mailing address means the postal address of the *borrower* set out in the document or the most recent postal address provided in a written notice given by the *borrower* to the *lender* under these mortgage terms;

borrower's promises and agreements means any one or more of the *borrower's* obligations, promises and agreements contained in *this mortgage*;

CMHC means Canada Mortgage and Housing Corporation;

court means a court or judge having jurisdiction in any matter arising out of *this mortgage*;

GEMI means GE Capital Mortgage Insurance Company (Canada);

interest adjustment date means the interest adjustment date shown on the document;

interest calculation period means the period or periods for the calculation of interest shown on the document;

interest rate means the interest rate shown on the document;

land means all the *borrower's* present and future interest in the land described in the document including every incidental right, benefit or privilege attaching to that land or running with it and all buildings and improvements that are now or later constructed on or made to that land;

lease means the leasehold interest, if any, of the *borrower* referred to in the document;

lender, we, our and **us** mean AGF Trust Company, as mortgagee;

lender mailing address means the postal address shown on the document or the most recent postal address provided in a written notice given by the *lender* to the *borrower* under these mortgage terms;

loan amount means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;

maturity date means the balance due date shown on the document and is the date on which all unpaid *mortgage money* becomes due and payable, or such earlier date on which the *lender* can lawfully require payment of the *mortgage money*;

mortgage, when used as a noun, means a Charge/Mortgage of Land, any schedules attached to it, any renewals or amendments and this set of standard mortgage terms;

mortgage money means the *principal amount*, *interest* and any other money owed by the *borrower* under *this mortgage*, the payment of which is secured by *this mortgage*;

payment date means each payment date commencing on the first payment date shown on the document;

place of payment means the place of payment shown on the *mortgage form* or any other place specified in a written notice given by the *lender* to the *borrower* under these mortgage terms;

paragraph refers to a numbered paragraph in this set of standard mortgage terms;

principal amount means the amount set out in the registered document;

receiver means a receiver or receiver manager appointed by the *lender* under *this mortgage*;

registered document means the Charge/Mortgage of Land that you sign to give this mortgage and any schedules attached to it;

schedule means any schedule attached to the Charge/Mortgage of Land; and

taxes means all taxes, rates and assessments of every kind which are payable by any person in connection with *this mortgage*, the *land* or its use and occupation, or arising out of any transaction between the *borrower* and the *lender*, but does not include the *lender's* income tax;

your property means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, "your property" includes the common elements and any other interest that you may have in the assets of the Condominium Corporation, and references to "your property" mean all or any part of it.

2. WHAT THIS MORTGAGE DOES

In return for our lending you the principal amount or such of the principal amount as is advanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us):

(a) if you are the owner of your property, you mortgage your entire interest in your property to us; or

(b) if you are a tenant or lessee of your property under a lease, you mortgage and sublease your entire interest (including any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us; to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.

Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

3. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages)

The interest rate payable by you is specified in the registered document. Interest is payable at the frequency set out in the registered document and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period commencing on that date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date in the registered document, default and judgment, until the loan amount has been paid in full. When not in default, you shall have the privilege of changing your payment frequency to any one of the frequencies currently offered for your type of mortgage. Should you exercise this privilege, there may be an interest adjustment amount payable.

4. VARIABLE INTEREST RATE (Applicable only to Variable Interest Rate Mortgages)

(a) Interest Rate

At any particular time, the interest rate chargeable under the mortgage is called the “current mortgage rate”. Interest is payable monthly, calculated semi-annually not in advance and is payable on the loan amount both before and after the balance due date, default and judgment, until the loan amount has been paid in full.

(i) If you have a Variable Interest Rate Mortgage, the interest rate payable by you specified in the registered document is a floating rate which is adjusted when the prime rate of AGF (the “mortgage prime rate”) changes from time to time. The interest rate payable for each month of the term shall be the rate per annum equal to the mortgage prime rate in effect from time to time plus or minus the increment specified in the commitment letter. The principal and interest payment will be recalculated every time the mortgage prime rate changes based on the current mortgage rate and the then remaining amortization period on the mortgage.

(b) How You May Determine the Interest Rate.

The mortgage prime rate, the current mortgage rate payable and the principal and interest payment on the loan amount remain in effect until varied as provided under paragraph 4(a). Within a reasonable time after each change in the mortgage prime rate, we may mail to you, at your last known address according to our records, a notice of the changed mortgage prime rate, its effective date, the current mortgage rate and the changed principal and interest payment, if applicable, calculated semi-annually not in advance. The interest rate and payment amount will still vary under paragraph 4(a) even if we fail to send you such a notice or you fail to receive it. The mortgage prime rate in effect at any time is available on our website at www.agf.com.

(c) Deferred Interest

The amount of interest that has accumulated on the loan amount from one regular payment to the next which exceeds the regular loan payment is called “deferred interest”. Interest at the current mortgage rate will be charged on the deferred interest from and including such regular payment date. On the next regular payment date, all interest which has accumulated on deferred interest from the previous regular payment date shall be added to and become deferred interest and will itself bear interest from and including the regular payment date at the current mortgage rate. You may pay deferred interest by separate payment as your regular payment will not be applied to such interest. The amount of deferred interest outstanding from time to time may be obtained by contacting us.

5. COMPOUND INTEREST

If you do not make the regular mortgage payment or other payment when required by the mortgage, we will charge interest, at the rate provided for in the mortgage (called "compound interest") both before and after the balance due date set out in the registered document, default and judgment on all overdue amounts (including interest). You must pay this additional interest immediately when we require, both before and after the balance due date, default and judgment.

6. REPAYMENT OF LOAN AMOUNT

(a) Currency and Place

You will pay the loan amount to us in Canadian Dollars, at the address set out in the registered document or as you may be notified in writing.

(b) Interest adjustment date

(i) Interest on advances up to the interest adjustment date will be calculated semi-annually not in advance at the rate specified in the registered document in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date. If you have a Variable Interest Rate Mortgage, interest will be calculated at the lesser of the rate specified in the registered document in effect on the date of advance or the initial rate set seven days prior to the date of advance.

(ii) Accrued interest on progress advances, if this is a building mortgage, up to the interest adjustment date established for the initial term of the mortgage, shall be calculated daily and charged monthly, and may without adjustment be retained out of the proceeds of each subsequent advance of the mortgage. Where more than 30 days elapses between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the mortgage, will be deducted from the last substantial advance.

(c) Regular Payments

You will make regular payments of principal and interest to us on the payment dates specified in the registered document each in the amount specified in the registered document, starting with the first payment date until and including the last payment date. When not in default, you shall have the privilege of changing your payment date to any date currently offered for the applicable term for your type of mortgage. Should you choose to exercise this privilege, an interest adjustment amount may be payable. You will pay the outstanding balance of the loan amount on the balance due date as set out in the registered document.

(d) Payment Provisions on Default

If you fail to make any payment or do not meet any of your other obligations under the mortgage, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes, and insurance premiums (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 21.

(e) Bank Account for Payments

You must maintain an account of a type satisfactory to us with a Canadian financial institution and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and insurance premiums (if applicable) when due. You must make sure that the account always contains sufficient funds to meet each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then current administration and processing fees for any actions which we have to take under this paragraph 6.

7. HOW WE APPLY YOUR PAYMENTS

Each of your regular payments will be used in the following order to pay: a) collection expenses, if any; b) insurance premium, if any; c) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts debited in respect of the mortgage, including tax accounts (the "escrow accounts"); d) to pay interest or reduce the interest (including any deferred interest outstanding) on the principal amount accumulated to but not including the payment date; e) to satisfy the tax portion of the mortgage payment (if applicable); and f) to reduce the principal amount. However, if you do not meet any of your obligations under the mortgage, we may apply your payment or any other money we receive towards any part of the outstanding loan amount we choose. You may pay arrears of interest by separate payment as your regular payment will not be applied to such interest. The amount of interest in arrears may be obtained by contacting us.

8. YOUR PREPAYMENT RIGHTS (Applicable to all Mortgages)

(a) If the term of the mortgage is greater than five years and you are not a corporation, or if this is a CMHC or GEMI insured mortgage which covers a rental housing project as defined in the *National Housing Act*, you may prepay the principal amount of the mortgage at any time after the end of the fifth year of the term, and if so, you agree to pay us the outstanding principal amount and interest to the date of payment and three months' further interest at the rate specified in the registered document on the principal amount in lieu of notice.

(b) If you have a CMHC or GEMI insured fixed rate closed mortgage which does not cover a rental housing project as defined in the *National Housing Act* and the term of the mortgage is greater than five years, you may prepay the principal amount of the mortgage at any time after the end of the fifth year of the term, and in such case you agree to pay us, in addition to the principal and interest to the date of payment, three months' further interest at the rate specified in the registered document on the principal amount in lieu of notice.

(c) Notwithstanding paragraphs 8(a) or 8(b), if your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

(d) If you have complied with all your obligations under the mortgage and your property either contains no more than four living units or is a single residential condominium unit, then you have the following prepayment rights, depending on the type of mortgage you selected

8.1 CONVERTIBLE MORTGAGES

(A) If you have a Variable Interest Rate Mortgage:

(i) PREPAYMENTS:

When not in default, you shall have the privilege of paying additional amounts of principal, without notice or bonus, on any payment date. Such additional payments must each be in a minimum amount of \$100, and shall not total in excess of 20% of the original amount of the mortgage during any 12 month period following the interest adjustment date or each anniversary thereof. This privilege is not cumulative if not exercised in any given year.

Any amount of prepayment made in excess of the above 20%, will be subject to an administration fee equal to the equivalent of three months' interest on the amount being prepaid calculated using the then current mortgage rate as provided herein or any renewal or amending agreement applicable thereto during the term of the mortgage.

(ii) MONTHLY PAYMENT ADJUSTMENT:

When not in default, you shall have the privilege of increasing the amount of your regular principal and interest payment by 20% provided that the amortization period of your mortgage is not reduced to less than five years. This privilege is not cumulative if not exercised in any given year.

(B) If you have a Convertible Mortgage:

i) PREPAYMENTS:

When not in default, you shall have the privilege of paying additional amounts of principal, without notice or bonus, on any payment date. Such additional payments must each be in a minimum amount of \$100, and shall not total in excess of 20% of the original amount of the mortgage during any 12 month period following the interest adjustment date or each anniversary thereof. This privilege is not cumulative if not exercised in any given year.

Any amount of prepayment made in excess of the above 20%, will be subject to an administration fee equal to the equivalent of three months' interest on the amount being prepaid calculated using the then current mortgage rate as provided herein or any renewal or amending agreement applicable thereto during the term of the mortgage.

(ii) MONTHLY PAYMENT ADJUSTMENT:

When not in default, you shall have the privilege of increasing the amount of your regular principal and interest payment by 20% provided that the amortization period of your mortgage is not reduced to less than five years. This privilege is not cumulative if not exercised in any given year.

8.2 FIXED RATE MORTGAGES

(A) If you have a fixed rate term mortgage:

(i) CLOSED MORTGAGE:

The mortgage is closed for the term of the mortgage following each of the original interest adjustment date or the interest adjustment date of any renewal hereof. The only prepayments of principal which will be accepted during that period are as outlined below in clause (ii) – Prepayments and clause (iv) – Full Payment and Discharge Prior to Maturity.

ii) PREPAYMENTS:

When not in default, you shall have the privilege of paying additional amounts of principal, without notice or bonus, on any payment date. Such additional payments must each be in a minimum amount of \$100, and shall not total in excess of 20% of the original amount of the mortgage during any 12 month period following the interest adjustment date or each anniversary thereof. This privilege is not cumulative if not exercised in any given year.

Any amount of prepayment made in excess of the above 20%, will be subject to an administration fee equal to the equivalent of three months' interest on the amount being prepaid calculated using the then current mortgage rate as provided herein or any renewal or amending agreement applicable thereto during the term of the mortgage.

(iii) MONTHLY PAYMENT ADJUSTMENT:

When not in default, you shall have the privilege of increasing the amount of your regular principal and interest payment by 20% provided that the amortization period of your mortgage is not reduced to less than five years. This privilege is not cumulative if not exercised in any given year.

(iv) FULL PAYMENT AND DISCHARGE PRIOR TO MATURITY:

Subject to paragraphs 8(a) and 8(b) above, you may prepay the principal amount of the mortgage in full or in part, without notice upon payment of an administration fee equal to the greater of:

- Three months' interest at the rate specified in the registered document or if renewed or early renewed at the rate for your chosen renewal option, on the principal amount in lieu of notice; or
- The amount, if any, by which interest at the rate specified in the registered document or if renewed or early renewed at the rate for your chosen renewal option exceeds interest at the current reinvestment interest rate, calculated on the principal amount prepaid by you, for the remaining term of the mortgage or renewal term. The "current reinvestment interest rate" at the time of prepayment means the rate at which we would lend to you on the security of a similar mortgage of your property for a term starting on the date of prepayment and ending on the balance due date of the mortgage or the rate at which we would offer Guaranteed Investment Certificates for a similar term, either at the discretion of AGF.

9. INCREASE AND BLEND (Applicable to Fixed Rate Mortgages)

Provided that our mortgage approval criteria, including those as to the borrower and the mortgage terms are met, you have the privilege of increasing the principal amount secured and/or extending the term of the mortgage at a rate of interest blended to reflect the existing mortgage rate, the prevailing rates, prepayment privilege fees and administration fees, if any.

10. EARLY RENEWAL (Applicable to Fixed Rate Mortgages)

In the event that the mortgage is amended to extend the term hereof, the date of the mortgage for the purpose of the application of *Section 10 of the Interest Act (Canada)* or any similar Federal or Provincial legislation permitting prepayment, shall be conclusively deemed to be the first day of the last extension of time for payment and the mortgage as amended shall not, at any time or times, be subject to prepayment, in whole or in part, save as may be herein provided.

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes or if you have a 5 year term uninsured mortgage, then you have no right of early renewal.

If you have complied with all your obligations under the mortgage and your property either contains no more than four living units or is a single residential condominium unit, then you may renew the mortgage before the balance due date set out in the registered document. You must apply in writing to use this right of early renewal. You will be able to renew the mortgage by selecting from the mortgage options and programs that we offer at the time that you apply for early renewal and you must sign a mortgage amending agreement/early renewal agreement acceptable to us which will contain all amended terms, conditions and provisions of the mortgage.

The interest rate payable by you will be our interest rate for the mortgage option and/or program selected by you in effect at the date that you sign the mortgage amending agreement/early renewal agreement. You agree to pay us any processing or administration fees to early renew, together with any accumulated interest which may result from a change in the frequency of the regular mortgage payments to be made. You also agree that you will pay all legal expenses with respect to the renewal documentation and its registration.

11. AUTOMATIC RENEWAL OF MORTGAGE

I. If you have a Variable Interest Rate Mortgage: When not in default and further provided that you have maintained a satisfactory payment record, the mortgage shall automatically renew at the end of its original term into a new 1 year fixed term, depending on the length of the original term. The rate charged during each renewal term would be the lower of our posted rate on the renewal date for this type of mortgage or the guaranteed renewal rate.

We will mail a notice of the Guaranteed Renewal Rate to you 30 days prior to the end of the original term and of each renewal term of the mortgage. You may, at your sole option, terminate this automatic renewal clause and pay out the mortgage in full at the end of any term by notifying us of your decision to do so at least 15 days prior to the end of that term.

II. If you have a mortgage with original term greater than 12 months: You agree to either pay the monies owing under the mortgage on the maturity date set out in the registered document or, if a renewal agreement has been provided, return the executed renewal agreement on or before the maturity date, failing which both you and we agree that the mortgage shall be deemed to be renewed as a 1 year fixed Mortgage on the terms and conditions set out in the renewal agreement.

12. MORTGAGES WITH DEPOSITS

If required pursuant to the terms of your mortgage loan, you shall deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit amount at the 30-day deposit rate of the AGF Trust Company. The deposit must be advanced within 120 days from the date of funding. If this is not done, you authorize us to apply the deposit on

account of the mortgage principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

13. CONVERSION OPTION (Applicable only to Adjustable Rate Mortgages and Convertible Mortgages)

I. If you have a Convertible Mortgage:

The mortgage, at your option, may be converted, by amendment thereof, without charge, at any point during the initial 6 month period. The rate applicable to the mortgage as amended will be our then posted rate for the 5 year fixed mortgage.

To exercise the conversion privilege, written notice signed by you must be delivered to our Mortgage Servicing Division. The interest rate will be the current posted rate for the 5 year term. The new payments at the new interest rate will commence on the next scheduled payment date or the immediately following payment date as determined by us. Upon conversion, the provisions of paragraph 8.I will no longer apply to the mortgage as amended. An executed Amending/Modification Agreement may be requested, by us, but the written notice to us will be binding upon you and we shall be entitled to rely on it.

14. CERTAIN PROMISES YOU MAKE TO US

(a) You certify and agree with us that:

(i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;

(ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and there are no encumbrances affecting title to your property;

(iii) you have the right to give us the mortgage;

(iv) there are no limitations affecting title to your interest in your property except for any restrictions registered in the land titles office and except for building and zoning by-laws, with which you have complied;

(v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

- no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and
- no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property.

We may (but are not obligated to) require you, at your expense, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph;

(vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

(vii) if you default in any of your obligations under the mortgage, we will have possession of your property without any encumbrances or interference;

(viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property.

(b) If you are a tenant or lessee of your property, you also certify and agree with us that:

(i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good leasehold title to your property;

(ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or lessor, or you have the right without his consent, to charge your interest in the lease to us;

(iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land titles office and except for building and zoning by-laws, with which you and your landlord have complied;

(v) you will pay rents and other payments required by the lease as they fall due;

(vi) you will comply with all your other obligations set out in the lease;

(vii) you will not surrender the lease or cause it to be terminated;

(viii) you will not make any change in the lease without first obtaining our written consent;

(ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease has been fully charged to us and that the loan amount is adequately secured;

(xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph, as you already have under other provisions of the mortgage and at law;

(xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

(xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 26;

(xv) we may remove you or any other person as trustee of the trust referred to in this paragraph 14(b)(xiii) and appoint a new trustee or trustees.

15. DEMOLITION AND ALTERATIONS

(a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

(b) The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of payment and compliance with governmental requirements and building standards when requested. You must retain all required holdbacks. We may obtain an order vacating any builder's lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the loan amount.

16. INSURANCE (Paragraph 16 does not apply if your property is a single residential condominium unit)

(a) You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than their guaranteed replacement value in Canadian dollars until the mortgage has been discharged. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

(b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, let us have certified copies of every insurance policy and, not less than 15 days before any policy expires, evidence of its renewal.

(c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money, which we pay for insurance, will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the rate specified in the registered document.

(d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:

- (i) used to repair or rebuild your property;
- (ii) paid to you; and/or
- (iii) used to reduce any part of the loan amount, whether due or not, and including an amount to compensate us for loss of interest.

17. PROPERTY TAXES

(a) "taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties.

(b) Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.

(c) After the interest adjustment date, you agree to pay to us, on each date on which a regular mortgage payment of principal and interest is payable, the applicable tax installment, based on the estimated annual taxes and anticipated future payments of taxes (as determined by us) that will be payable for

the year following such regular mortgage payment date.

(d) If you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in paragraph 17(c). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them, failing which you will repay to us the cost of obtaining such documentation and, if not paid, we will add such cost to the loan amount in addition to charging interest if applicable. We do not have to hold any moneys which you send us under this paragraph 17 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the mortgage, we may, if we wish, apply any moneys which we have received under paragraph 17 to any portion of the loan amount.

(e) Notwithstanding the provisions of this paragraph 17 we may, at our option, choose not to require payment of taxes to us, in which case you will be responsible for payment of all taxes on your property. You will provide us with all the receipted tax bills by the end of each calendar year, failing which you will repay to us the cost of obtaining such receipts and, if not paid, we will be add such cost to the loan amount. If, for any reason, you do not pay the taxes when required, then paragraphs 17 (a) through (d) will apply.

18. REPAIRS

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this paragraph 18, then we can make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are payable by you immediately and if not paid, will be added to the loan amount.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

19. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the registered document then we do not have to do so. This applies even if the mortgage has been signed and registered and whether or not any part of the principal amount has previously been advanced. Even so, by signing the mortgage you have charged all of your interest in your property to us and you will pay us, on demand, all of our costs, including lawyers' fees (on a solicitor and client basis) and expenses, for investigating title to your property and for preparing and registering the mortgage.

20. LEASES AND RENTS

(a) If your property is intended to be used as owner-occupied residential premises you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to do at our option. You agree to keep us informed of the status of occupancy.

(b) If your property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents payable under such leases and agreements; and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of

any lease (other than a renewal provided for in any lease).

(c) If you lease in the future any part of your property to another person or persons with our written approval then, upon our request, you will:

- execute and deliver to us an assignment in registrable form acceptable to us of all leases, lease agreements and their renewals, rents payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment may, at our option, include a provision for estoppel certificates from tenants and/or specific assignments of leases; and
- give us security on chattels, fixtures and equipment as we may reasonably require. You must pay all of our expenses, including legal fees and registration costs, relating to such additional security.

(d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 20, then at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

(e) Nothing we do under this paragraph 20 will put us in possession of your property and we are not obliged to collect any rent or income from your property or to comply with any term of any lease or agreement.

21. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

- (a) you do not make any payment required by the mortgage;
- (b) you do not comply with any of your other obligations under the mortgage;
- (c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 14) is untrue;
- (d) we receive notice of any builder's lien, conditional sale agreement, notice of security interest or other lien registered on title to your property;
- (e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or
- (f) your property is abandoned.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

22. BUILDING MORTGAGE

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications which we have approved and to complete the improvement as quickly as possible.

Subject to paragraph 19, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale.

Whatever the purpose of this mortgage, we may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the *Builders Lien Act*, R.S.B.C. 1996, c.41 (as amended or replaced) have been complied with. You authorize us to give information about the mortgage to anyone who claims a builder lien on your property.

23. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged. If your property is subdivided, each part of your property will secure payment of the loan amount.

24. RENEWING OR AMENDING THE MORTGAGE

(This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended by written agreement(s) with you, with or without any increase in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed or amended, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to your property after the mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such written agreement.

25. CERTAIN ACTIONS WE CAN TAKE

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant or lessee, under a lease of your property, we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur in so doing.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the registered document from the date we pay them. Any interest which accrues as a result of changes requested by you to frequency of payments or to the regular payment date will be paid by you or added to the loan amount and charged interest at the rate specified in the registered document.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

26. ENFORCING OUR RIGHTS

(a) **Remedies** - If you do not make any payment when required under the mortgage or do not comply with any of your other obligations under the mortgage, we may enforce any one or more of the remedies listed below in any order.

Our remedies are:

(i) **Sue you** - We may take such action as is necessary to collect the loan amount.

(ii) **Foreclosure or Sale** - We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(iii) **Lease Your Property** - If your default continues for 15 days, we may, on 15 days' notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(iv) **Enter on Your Property** - We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount.

(v) **Appoint a Receiver** - We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage; and pay all or any part of the loan amount whether it is due or not.

(vi) **Cure Any Defaults** - We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of British Columbia and of Canada.

(b) Non-interference - If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

(c) Our expenses - All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a special costs basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees and those of the AGF Trust Company.

(d) Delay in Enforcement - Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor, who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

(e) Judgments - If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

(f) Right of Reinstatement – You waive any right arising from clause 15 of Schedule 6 of the Land Transfer Form Act.

27. CONDOMINIUM

(If your property is a condominium unit, you must also comply with paragraph 27 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 16.)

The corporation created by the registration of a declaration under the *Strata Property Act* (as amended or replaced) is called the "condominium corporation".

(a) **Compliance with the Strata Property Act, etc.** - You will comply with the *Strata Property Act* and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(b) **Payment of Amounts and Common Expenses** - You will pay all amounts required by the *Strata Property Act* and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf and you will be in default under the mortgage.

(c) **Notices and Demands** - You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

(d) **Voting Rights** -

(i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the *Strata Property Act* to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Strata Property Act* to the condominium corporation.

(ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

(e) **Acceleration of Repayment of Loan Amount** - At our option, the loan amount will become payable immediately if:

(i) government of the property of the condominium corporation under the *Strata Property Act* is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;

(iii) the condominium corporation fails to comply with the *Strata Property Act*, declaration, by-laws or rules and regulations;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is

necessary to collect insurance proceeds.

(f) **Insurance** - Under the *Strata Property Act*, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require.

We must approve the insurance company or companies. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us at least fifteen days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements. You must, if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

28. DUE ON SALE AND RELEASE

If you transfer title to your property, or agree to do so, to anyone without first obtaining our written approval, the loan amount will at our option, immediately become payable in full. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not withhold our approval unreasonably.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee if:

- (i) we give our written approval to you to transfer your property;
- (ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer takes place; and
- (iii) you provide us with a copy of the registered Transfer/Deed of Land to the approved person or persons together with a guarantee agreement(s) (if required by us).

29. ASSUMPTION

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

30. INSPECTION

If we, CMHC or GEMI (if this is a CMHC or GEMI insured mortgage), or our respective agents have reason to believe that your property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, GEMI or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we, CMHC or GEMI consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property. We, CMHC or GEMI and our respective agents will not become a

mortgagee in possession, management or control by exercising these rights.

31. EXPROPRIATION

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest.

32. GUARANTEE

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's successors and assigns), each person who signs the mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may, at any time and from time to time, without the consent of or notice to any guarantor, give any extension of time for payment (including renewals), deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrowers without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

33. RESERVATION OF RIGHTS

You understand that any material change in the conditions of the mortgage such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

34. DISCHARGE OF MORTGAGE

Upon maturity or early full payment of this mortgage, a discharge or assignment, if requested by you, will only be delivered upon full payment being received by us in accordance with our latest issued and current discharge statement. For purposes of calculating per diem interest on a discharge, funds received after 3:00 p.m. on any business day shall be deemed to have been received on the next following business day. We further reserve the right to refuse a discharge or transfer of this mortgage until any charges or returned cheque amounts arising after the discharge statement is issued are also fully paid to us.

You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on title and to pay the registration fee.

35. FEES

You agree to pay us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, discharges, amending or other agreement, statements for information purposes, payment frequency changes, any fees referred to in paragraph 6(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the interest rate required by the mortgage.

The amount of such fees in effect at any particular time is available by contacting us.

36. PORTABILITY

If you have complied with all your obligations under the mortgage, upon written application by you, upon the bona fide arms length sale of your property and the purchase by you of another property (the "new property") within 90 days of such sale, we will provide financing for your purchase on the security of a mortgage (the "new mortgage") registered on title to the new property, provided that:

- (a) on the date of completion of the sale of the property, an amount sufficient to pay the outstanding principal amount of the new mortgage together with interest accrued thereon to date and any administration fees according to the prepayment provisions described in paragraph 8 above that apply to the mortgage will be held by our solicitor in trust to be released upon registration of the new mortgage within the 90-day period;
- (b) If the new mortgage is not registered within 90 days of such sale, the amount referred to in (a) above, will be applied to prepay the mortgage in full and to pay any administration fees required in respect of this prepayment;
- (c) You will continue to make regular mortgage payments as referred to in paragraph 6;
- (d) The mortgage must be transferred to the new property with no changes in outstanding balance, interest rate, terms or any other conditions applicable herein; and
- (e) our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage will apply to your application and must be met, including the CMHC or GEMI mortgage insurance requirements, if applicable, and you will be responsible for paying all applicable processing or administration fees, all legal and appraisal fees, CMHC or GEMI insurance premiums, and other expenses incurred in connection with the new mortgage.

37. DOCTRINE OF CONSOLIDATION

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant 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 repay all mortgages.

38. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered document regardless of the date of signature that appears in the registered document.

39. HOMEOWNER PROTECTION ACT

If the *Homeowner Protection Act, S.B.C. 1998, c.31* (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

40. WHO IS BOUND

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anybody else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage. If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is female or a corporation, then the mortgage will be read with all necessary grammatical changes.

41. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

42. PARAGRAPH HEADINGS

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

43. NATIONAL HOUSING ACT

All CMHC insured mortgages are made in pursuance of the *National Housing Act*.

44. MAKING MATERIAL CHANGE

Any agreement to make material changes to the mortgage terms and conditions including, without limitation, any extension of the time for payments, changes in the interest rate or renewals or extensions of the term of the mortgage will apply not only to those who agree to the changes in writing but also to any person, including any guarantor, who signed the original mortgage agreement but did not agree to the changes in writing.

END OF SET