

# THE REAL PROPERTY ACT

## STANDARD CHARGE MORTGAGE TERMS

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The following Standard Charge Mortgage Terms ("SCMT") are included in every mortgage which refers to this set of terms by its name and filing number, as provided in *The Real Property Act*.

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**2. DEFINITIONS AND INTERPRETATION**

All terms used in this set of SCMT which are defined in *The Real Property Act* have the same meaning as they do in *The Real Property Act* unless expressly varied by this document. Not all terms defined and not all provisions contained in this set of SCMT will apply to every mortgage. There are some terms and provisions that will only apply to a Fixed Rate Mortgage, a Variable Rate Mortgage, a Capped Rate Mortgage or a Multi-Purpose Mortgage, as the case may be.

In these SCMT and in every mortgage which includes them:

- (a) **ACT** means *The Real Property Act*, C.C.S.M. c. R30, and any amendments to it.
- (b) **BALANCE DUE DATE** means the date shown in Box 5, if any, on which the outstanding balance of the Loan Amount is due and payable.
- (c) **BORROWER, YOU, YOUR** means the person or corporation who is, or is entitled to be, the registered owner of the Land, and who is described in Box 1 and has signed on the Signature Page as mortgagor. Borrower includes your Successors and where the context requires, any Covenantor.
- (d) **BOX** means a box, designated by its number, on the Mortgage Document. Where any information contained in a Box is amended by agreement, a reference in these SCMT to information in a Box will include the information contained in any amending agreement.
- (e) **CAPPED RATE** means the maximum interest rate that you will be charged under the Mortgage up to and including the Capped Rate Expiry Date. The Capped Rate is as set out in Box 5 – Other Details.
- (f) **CAPPED RATE EXPIRY DATE** means the date after which the Credit Union’s commitment to charge interest at no greater than the Capped Rate shall have no further effect. The Capped Rate Expiry Date is as set out in Box 5 – Other Details.
- (g) **CAPPED RATE MORTGAGE** means, if Box 5 – Mortgage Description indicates that the mortgage type is “Capped Rate”, the mortgage you have given to us under the Act and Regulations to secure payment of the Loan Amount and to secure performance of all of your other obligations under this Mortgage. It includes the Mortgage Document, these SCMT, and any future renewals, amendments, extensions or any replacement or substitutional forms which may be prescribed.
- (h) **CMHC** means Canada Mortgage and Housing Corporation and its successors.
- (i) **COVENANTOR** means any person who, although not a registered owner of the Land has signed the Mortgage Document.
- (j) **CREDIT UNION, WE, OUR, US** means the mortgagee set out in the Mortgage Document and includes its Successors.
- (k) **EQUIVALENT RATE** means, in the case of a Fixed Rate Mortgage, the interest rate calculated weekly, bi-weekly, semi-monthly, monthly, quarterly or annually in accordance with payments made as shown under the Payment Frequency set out in Box 5 of the Mortgage Document that is equal to the Interest Rate calculated semi-annually not in advance. The Equivalent Rate at the date of the Mortgage is as set out in Box 5 – Other Details. As the Interest Rate changes or if you change the frequency of your periodic payments, we will advise you of the new Equivalent Rate.

- (l) **FIXED RATE MORTGAGE** means, if Box 5 – Mortgage Description indicates that the mortgage type is “Fixed Rate”, the mortgage you have given to us under the Act and Regulations to secure payment of the Loan Amount and to secure performance of all of your other obligations under this Mortgage. It includes the Mortgage Document, these SCMT and any future renewals, amendments, extensions or any replacement or substitutional forms which may be prescribed.
- (m) **INTEREST ADJUSTMENT DATE or I.A.D.** means the date set out in Box 5 (in the case of a Fixed Rate Mortgage, Variable Rate Mortgage or Capped Rate Mortgage), as amended from time to time and is the date on which you agree to pay interest accrued from the date of advance of funds. If there is a change to the I.A.D., we will notify you of the amended date. In the case of a Multi-Purpose Mortgage or a mortgage payable on demand, the I.A.D. means the date of the first advance of funds or as may be set out in a Loan Document.
- (n) **INTEREST RATE** means:
- (i) in the case of a Fixed Rate Mortgage, the interest rate as set out in Box 5 as amended from time to time. It is calculated semi-annually not in advance as set out in Box 5
  - (ii) in the case of a Variable Rate Mortgage or a Capped Rate Mortgage, the variable interest rate as set out in Box 5; and
  - (iii) in the case of a Multi-Purpose Mortgage, the interest rates as set out in Loan Documents.
- (o) **LAND** means the lands and premises described in Box 3 or in an amending agreement between us. It includes the land and all buildings, plant, machinery, fixtures, structures, and improvements whether fixed or otherwise, present or future and includes all crops and trees and products of the soil, and all mines and minerals and sand and gravel now or hereafter forming part of the land, and together with all easements, covenants, powers, privileges and other rights now or hereafter attached to or forming part of or benefiting the land. In the case of a leasehold title it means the lease, except for the last day of the term of the lease and any other right, interest or benefit set out in the lease. In the case of a condominium unit, it means the unit and the undivided interest in the common elements and the right to any exclusive common elements assigned to the unit pursuant to *The Condominium Act* or the Declaration or By-Laws.
- (p) **LOAN AMOUNT** means:
- (i) in the case of a Fixed Rate Mortgage, Variable Rate Mortgage or Capped Rate Mortgage, the total amount you owe us at any time. It includes principal, interest and all Other Charges secured by this Mortgage.
  - (ii) in the case of a Multi-Purpose Mortgage, the total amount you owe us at any time under the Loan Documents. It includes principal, interest and all Other Charges secured by this Mortgage.
- (q) **LOAN DOCUMENT or LOAN DOCUMENTS** means in the case of a Multi-Purpose Mortgage, (a) each and every promissory note or notes which may be delivered by you or any other person assuming the indebtedness hereby secured and accepted by us by way of renewal of, novation or substitution for the same, or as a supplement thereto and/or (b) each and every line of credit agreement you have or may hereafter enter into with us, as amended from time to time, under which we have established or will establish a line of credit in your favour; and/or (c) each and every guarantee you have or may hereafter enter into with us on behalf of a principal debtor; (d) each and every indemnity which you may have provided to us in connection with any obligation owed to us and/or (e) each and every existing or future other agreement between us or other instrument or document pursuant to which you undertake payment or performance of any one or more obligations to us, including a Loan Agreement – Consumer (For Use with Insured Multi-Purpose Mortgage) or any other commitment letter or offer to provide financing. In all cases, Loan Documents shall include any amendments, extensions, replacements and supplements.
- (r) **MORTGAGE** means the mortgage you have given to us under the Act and Regulations to secure payment of the Loan Amount and to secure performance of all of your other obligations under the mortgage. It includes the Mortgage Document, these SCMT and any future renewals, amendments or extensions. It also includes any amendments and replacement or substitutional forms which may be prescribed.
- (s) **MORTGAGE DOCUMENT** means the mortgage form prescribed by the Act and Regulations and includes all amendments and revisions to it.
- (t) **MORTGAGE PRINCIPAL AMOUNT** means:
- (i) in the case of a Fixed Rate Mortgage, Variable Rate Mortgage or Capped Rate Mortgage, the principal amount originally secured by the Mortgage as may be set out in Box 5 or in an amending agreement between us.
  - (ii) in the case of a Multi-Purpose Mortgage, the original maximum principal amount as may be set out in Box 5, in the Loan Documents or in any amending agreements between us.
- (u) **MULTI-PURPOSE MORTGAGE** means, if Box 5 – Mortgage Description indicates that the mortgage type is “Multi-Purpose”, the mortgage you have given to us under the Act and Regulations to secure payment of the Mortgage Principal Amount and to secure performance of all of your other obligations under this Mortgage. It includes the Mortgage Document, these SCMT and any amendments or any replacement or substitutional forms which may be prescribed.
- (v) **OTHER CHARGES** means all charges described in paragraph 16 of this document. Such Other Charges are added to the Mortgage Principal Amount, and they bear interest and are secured by the Mortgage in the same way as the Mortgage Principal Amount.
- (w) **PRIME RATE** is our base lending rate for variable rate or capped rate mortgages and may be referred to by any name as defined by us and will be described in Box 5. It is subject to change, as and when announced by us.
- (x) **REGULATIONS** means any Regulations made under the Act from time to time.
- (y) **SUCCESSORS** means heirs, executors, administrators, personal or legal representatives, successors and successors in title or name and assigns.
- (z) **TAXES** means all property taxes, rates, levies and assessments levied on the Land whatsoever (including local improvement levies and school taxes), and includes any charges collectible as taxes.
- (aa) **VARIABLE RATE MORTGAGE** means, if Box 5 – Mortgage Description indicates that the mortgage type is “Variable Rate”, the mortgage you have given to us under the Act and Regulations to secure payment of the Loan Amount and to secure performance of all of your other obligations under this Mortgage. It includes the Mortgage Document, these SCMT and any future renewals, amendments, extensions or any replacement or substitutional forms which may be prescribed.

### 3. OPERATION OF MORTGAGE

#### 3.1 Mortgage Of Land

By signing the Mortgage, you agree to mortgage your entire interest in the Land, both present and future, to us as security for repayment of the Loan Amount and performance of other obligations under the Mortgage and the Loan Documents. This mortgaging is to extend to all interests in the Land acquired by any future owner while the Mortgage remains undischarged.

You may remain in possession of the Land as long as you make the payments and fulfill the obligations owed to the Credit Union under the Mortgage or the Loan Documents, as applicable.

#### 3.2 Continuing Security/Readvancement

- (a) **FIXED RATE MORTGAGE, VARIABLE RATE MORTGAGE OR CAPPED RATE MORTGAGE** If this Mortgage is a Fixed Rate Mortgage, Variable Rate Mortgage or Capped Rate Mortgage, the following terms apply:
- (i) This Mortgage shall operate as a continuing security for payment of all monies actually advanced from time to time by us to you and outstanding from time to time, and for payment of all your indebtedness and liability to us whether presently existing or hereafter incurred, and this Mortgage is intended by you and us to secure us in respect of any one or more loans and it shall operate as security for us notwithstanding that you may from time to time make payments to us and reduce or retire your indebtedness and liability, in whole or in part, on one or more occasions. Notwithstanding any payment on account of any of your indebtedness to us at any time, any further, new or fresh advance or advances will, together with interest and Other Charges be secured by this Mortgage notwithstanding the mortgaging or charging of the Land by any intervening or intermediate mortgage, charge or encumbrance (“intervening interest”) and the Mortgage will at all times

hold priority over any such intervening interest. This Mortgage shall be and shall remain valid security for any and all subsequent advances or readvances by us.

- (ii) We may, as a condition of readvancement of funds, from time to time, require you to amend the Mortgage (including without limitation, the Interest Rate, the Land mortgaged, the Mortgage Principal Amount and repayment terms) by giving you a notice setting out the amendment. Any such notice may be given in accordance with paragraph 35. We may also require you to sign an amending agreement and if we do, the provisions of paragraph 28 of this document ("RENEWAL, AMENDMENT, EXTENSION") will apply.
- (iii) If a residential Fixed Rate Mortgage is insured by a mortgage default insurer, the following provisions apply to the amount of the indebtedness covered by it and it shall be referred to as the "CMHC Pool Eligible Loan":
  - (I) The Credit Union has the right at any time, both before and after the date of advance of the Loan Amount, without notice to you and without your consent, to sell, assign, syndicate or securitize any loan secured by this Mortgage to any other party or parties (each a "Holder") and in such event, the Holder(s) shall have all of the Credit Union's rights under this Mortgage, including the right to sell or assign the loan in turn, without affecting the Interest Rate or other terms of the loan. The Credit Union may, from time to time, in connection with the sale, assignment, syndication or securitization of a loan, or otherwise, appoint or designate a custodian or agent for a loan, which custodian or agent may be the registered mortgagee. The Borrower and each Covenantor, if any, and any guarantor, if any, acknowledge that such custodian or agent shall have no liability whatsoever to the Borrower or Covenantor, if any, and any guarantor in connection with the loan, being merely custodian or agent for us and/or the Holder.
  - (II) The Credit Union has the unrestricted right from time to time to appoint a third party to service or administer any part of the Loan Amount and to deal with the Borrower and each Covenantor, if any, and any guarantor, if any, in place of the Credit Union, provided that until the Credit Union gives notice of such appointment to you, the Borrower and each Covenantor, if any, and any guarantor, if any, shall continue to deal with the Credit Union in all matters pertaining to the servicing or administration of the Loan.
  - (III) If a CMHC Pool Eligible Loan is sold, assigned, syndicated or securitized, the following provisions shall apply:
    - A. Notwithstanding the readvancement provisions contained herein, there is no right of readvancement of monies repaid on account of the CMHC Pool Eligible Loan and all monies applied in reduction of the Loan Amount thereof shall permanently reduce the balance owing under the CMHC Pool Eligible Loan.
    - B. Notwithstanding the provisions contained herein stating that the mortgage shall secure all amounts owing from time to time by you to us, the only additions to the amount secured under the CMHC Pool Eligible Loan shall be interest accruing but unpaid and any costs incurred by us and that are, under the provisions hereof, *The Mortgage Act*, *The Real Property Act* or any other law, ordinance or regulation, allowed to be added to the Loan Amount.
- (b) MULTI-PURPOSE MORTGAGE If this Mortgage is a Multi-Purpose Mortgage, the following terms apply:
  - (i) This Multi-Purpose Mortgage shall operate as a continuing security for payment of all monies actually advanced from time to time by us to you or to any principal debtor where obligations are covered or secured by the Loan Documents and all other obligations from time to time owed by you to us outstanding from time to time under the Loan Documents. It is agreed that this Multi-Purpose Mortgage and the Loan Documents will operate as security notwithstanding that you may from time to time make payments to us and reduce or retire your indebtedness. Notwithstanding that at any time, any person or persons acquire any encumbrance, claim or other interest in or against the Land subsequent to the registration of this Multi-Purpose Mortgage in the land titles office, and any of your obligations have been paid or performed in whole or in part prior to or concurrently with the acquisition of any such other encumbrance, claim or other interest, and thereafter you undertake new or fresh obligations to us which are secured or covered by the Loan Documents and as secured by this Multi-Purpose Mortgage, this Multi-Purpose Mortgage shall, with respect to such new or fresh obligations, hold full priority over any such other encumbrance, claim or other interest to the maximum extent permitted by applicable law.
  - (ii) This Multi-Purpose Mortgage shall not operate as a merger of the Loan Documents hereby secured or affect or prejudice in any way our rights and powers thereunder. If the Loan Documents include a guarantee, the taking of this Multi-Purpose Mortgage shall not operate as a merger of our remedies for payment of the indebtedness of any principal debtor referred to in the Loan Document or of our remedies pursuant to the Loan Document, or pursuant to any other present or future security held by us, and notwithstanding this Multi-Purpose Mortgage and anything herein contained, the said remedies shall remain intact and be capable of enforcement against any principal debtor and you and all other persons liable in respect thereof in the same manner and to the same extent as if this Multi-Purpose Mortgage had not been executed, and this Multi-Purpose Mortgage is and shall be continuing security to us for payment of the amount of the said liability pursuant to the Loan Document and interest thereon.
  - (iii) This Multi-Purpose Mortgage is taken in addition to and not in substitution for any other security now or hereafter taken by us with respect to advances made to you or advances or other value made to any one or more principal debtor and each and every right, remedy and power granted to us hereunder and pursuant to security documents taken by us in respect to the said advances shall be cumulative and shall be in addition to the right or power herein specifically granted or now or hereafter existing in equity or, at law, by virtue of statute or otherwise from time to time concurrently or independently and as often and in such order as we may deem expedient. Any failure or delay on our part in exercising any such right or power or any abandonment or discontinuance of steps taken to enforce the same shall not operate as a waiver thereof or affect our right thereafter to exercise the same, and any single or partial exercise of any such right or power shall not preclude any other or further exercise thereof or the exercise of any other right or power.
  - (iv) Any and all payments made in respect of any indebtedness hereby secured and the monies or other proceeds realized from any securities held therefor (including this Multi-Purpose Mortgage) may be applied and re-applied notwithstanding any previous application on such part or parts of the indebtedness pursuant to the Loan Documents as we may see fit.
  - (v) If the Loan Documents include a guarantee, for the purposes of establishing the priority of the security constituted by this Multi-Purpose Mortgage, value shall be deemed to have been advanced under this Multi-Purpose Mortgage at the respective times when value is advanced to or for the account of the principal debtor whose obligations are secured or covered by the Loan Document, and it is agreed that value will not be deemed to have been advanced only at the time when the principal debtor defaults in the payment or performance of the principal debtor's obligations to us, or at the time when we make demand upon you for satisfaction of the principal debtor's obligations under the Loan Document or otherwise.
  - (vi) If the Loan Document relates to a residential loan that is insured by a mortgage default insurer, the following provisions apply to the amount of the indebtedness covered by that Loan Document and that loan shall be referred to as the "CMHC Pool Eligible Loan":
    - (I) The Credit Union has the right at any time, both before and after the date of advance of the Loan Amount, without notice to you and without your consent, to sell, assign, syndicate or securitize any loan secured by this Mortgage to any other party or parties (each a "Holder") and in such event, the Holder(s) shall have all of the Credit Union's rights under this Mortgage, including the right to sell or assign the loan in turn, without affecting the interest Rate or other terms of the loan. The Credit Union may, from time to time, in connection with the sale, assignment, syndication or securitization of a loan, or otherwise, appoint or designate a custodian or agent for a loan, which custodian or agent may be the registered mortgagee. The Borrower and each Covenantor, if any, and any guarantor, if any, acknowledge that such custodian or agent shall have no liability whatsoever to the Borrower or Covenantor, if any, and any guarantor in connection with the loan, being merely custodian or agent for us and or the Holder.
    - (II) The Credit Union has the unrestricted right from time to time to appoint a third party to service or administer any part of the Loan Amount and to deal with the Borrower and each Covenantor, if any, and any guarantor, if any, in place of the Credit Union, provided that until the Credit Union gives notice of such appointment to you, the Borrower and each Covenantor, if any, and any guarantor, if any, shall continue to deal with the Credit Union in all matters pertaining to the servicing or administration of the Loan.
    - (III) If a CMHC Pool Eligible Loan is sold, assigned, syndicated or securitized, the following provisions shall apply:
      - A. Notwithstanding the readvancement provisions contained herein, there is no right of readvancement of monies repaid on account of the CMHC Pool Eligible Loan and all monies applied in reduction of the Loan Amount thereof shall permanently reduce the balance owing under the CMHC Pool Eligible Loan.

- B. Notwithstanding the provisions contained herein stating that the mortgage shall secure all amounts owing from time to time by you to us, the only additions to the amount secured under the CMHC Pool Eligible Loan shall be interest accruing but unpaid and any costs incurred by us and that are, under the provisions hereof, *The Mortgage Act*, *The Real Property Act* or any other law, ordinance or regulation, allowed to be added to the Loan Amount.
- C. The CMHC Pool Eligible Loan shall have priority of payment, collection, enforcement and realization over any other amounts owed by you to us under any other Loan Document.
- D. If a CMHC Pool Eligible Loan is assigned to CMHC as part of a CMHC's NHA MBS Program, no further monies may be advanced by us under any Loan Document so long as the CMHC Pool Eligible Loan is part of the CMHC's NHA MBS Program.
- E. If the total amount of all loans secured under the Mortgage, in the reasonable opinion of the Credit Union, is less than 80% of the value of the Land, then upon default hereunder, the CMHC Pool Eligible Loan will have priority over any other loan also secured under this Mortgage as to payment, collection, enforcement and realization.
- F. If either (a) the Credit Union has included the CMHC Pool Eligible Loan in a pool of mortgages that are securitized under CMHC's NHA MBS Program or (b) in the Credit Union's reasonable opinion the total amount of all loans secured under the Mortgage is equal to or greater than 80% of the value of the Land, then the CMHC Pool Eligible Loan is deemed to be the only loan secured by the Mortgage, with the result that (i) any other existing loans purporting to be secured by this Mortgage are deemed not to be so secured while the CMHC Pool Eligible Loan remains in CMHC's NHA MBS Program or the total amount of all loans secured under the Mortgage is equal to or greater than 80% of the value of the Land, and (ii) the Mortgage is not eligible to stand as security for any future loans so long as the CMHC Pool Eligible Loan remains in CMHC's NHA MBS Program or the total amount of all loans secured under the Mortgage is equal to or greater than 80% of the value of the Land and the Credit Union will not be able to offer any further credit products to you that would be secured by this Mortgage until the CMHC Pool Eligible Loan is no longer in CMHC's NHA MBS Program or the total amount of all loans secured under the Mortgage falls below than 80% of the value of the Land.

### 3.3 Continuation Of Mortgage

The Mortgage and the security created by it will continue in spite of the repayment and readvancement of funds under the Mortgage from time to time until all monies owing to the Credit Union under this Mortgage and the Loan Documents, as applicable, have been fully paid, all other obligations are performed, and we deliver a discharge of mortgage to you. See paragraph 3.5.

### 3.4 Assignment

The Mortgage and the debt secured by it may be assigned by us to any party without your consent. Assignment by us does not invalidate the Mortgage or entitle you to a discharge and it does not change the terms of the Mortgage.

You cannot assign your obligations under the Mortgage unless we have agreed to it in writing.

### 3.5 Discharge/Transfer

Upon full performance of all of your obligations under this Mortgage or the Loan Documents, as applicable, and payment of the Loan Amount, you are entitled to a discharge of the Mortgage or to a transfer of the Mortgage to a third party, if you so wish. You will give us reasonable time in which to prepare and sign the discharge or transfer, as the case may be. You will pay our usual administrative fee for preparing, reviewing or signing the discharge or transfer and all legal and other expenses we incur in so doing. You will be responsible for registering and for the costs of registering the discharge or transfer at the land titles office.

## 4. INTEREST – FIXED RATE MORTGAGE

If this Mortgage is a Fixed Rate Mortgage, then the provisions of this paragraph 4 apply.

### 4.1 Fixed Interest Rate

The Interest Rate is a fixed rate per annum as stated in Box 5. The Interest Rate may be amended on the I.A.D. in Box 5 and will remain fixed for the term of the Mortgage until the Mortgage matures or is renewed on the Balance Due Date.

### 4.2 Equivalent Rate

Since the Calculation Period in Box 5 is semi-annually not in advance and due to our method of application of payments (whether weekly, bi-weekly, semi-monthly, monthly, quarterly or annually) firstly to interest and secondly to principal, the Equivalent Rate is used to calculate the interest. The Equivalent Rate at the time of signing this Mortgage is set out as such in Box 5 – Other Details and is available from the Credit Union during office hours.

## 5. INTEREST – VARIABLE RATE MORTGAGE OR CAPPED RATE MORTGAGE

If this Mortgage is a Variable Rate Mortgage or a Capped Rate Mortgage, then the provisions of this paragraph 5 apply.

### 5.1 Variable Interest Rate

The Interest Rate payable by you is a variable rate per annum, based on our Prime Rate as established and announced by us from time to time plus or minus the number of percentage points per annum stated in Box 5. Interest is payable and calculated weekly, bi-weekly, semi-monthly, monthly, quarterly, semi-annually or annually not in advance, as the case may be, and is payable on the Loan Amount both before and after demand, default and judgment until the Loan Amount has been fully paid. The Interest Rate actually payable by you will vary automatically without notice to you, each time there is a change in the Prime Rate. The Prime Rate and Interest Rate payable on the Loan Amount remain in effect until varied.

The Prime Rate described in Box 5 will be posted at all our branches at all times and the Interest Rate applicable to your Mortgage at any time, including the date when the Prime Rate changed can be ascertained by you by telephoning any of our branches during office hours, but if such rate is not at any time so posted, this will not change your obligation to pay interest at the Interest Rate you have agreed to pay.

Even if there is a contrary provision elsewhere in this Mortgage, if this is a Capped Rate Mortgage, the Capped Rate shall be used to calculate the interest payable by you under the Mortgage at all times (up to and including the Capped Rate Expiry Date) even if changes in the Prime Rate would result in the Interest Rate's exceeding the Capped Rate. Interest shall continue to be calculated at the Capped Rate until the Prime Rate changes so that the Interest Rate is again equal to or less than the Capped Rate. If this happens, interest shall once again be calculated on a variable basis as set out in this paragraph 5.1. From and after the Capped Rate Expiry Date, unless you and the Credit Union have negotiated a new capped rate and a new capped rate expiry date, interest shall be charged on a variable rate basis.

### 5.2 Convertibility

If you are not in default in making any payment required under the Mortgage or in default of any of your covenants or other obligations under the Mortgage, you may convert the terms of the Mortgage to those of a Fixed Rate Mortgage bearing such interest rate and containing such other terms and provisions as are made available by us to you at the time of conversion. You shall apply to us in order to exercise this right of conversion. You will be able to convert the Mortgage by selecting from the mortgage options that we have available at the time that you apply for conversion and you shall on request sign an amending agreement in a form acceptable to us which will contain all amended terms, covenants (including your obligations under the Mortgage), conditions and provisions of the Mortgage. The interest rate payable by you will be our current interest rate for the mortgage option selected by you, effective as of the date that you sign an amending agreement or other documents on which we agree. You agree to pay us any processing or administration fee in connection with the conversion, together with any accrued 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 fees and disbursements incurred with respect to the conversion documentation and its registration.

Once the Mortgage has been converted, the prepayment privileges of the Mortgage will no longer apply and prepayment privileges, if any, will be contained in the conversion documentation.

**5.3 Increases In Prime Rate**

If at any time because of increases in the Interest Rate, the regular payment is no longer enough to maintain the agreed amortization period, you may be required to increase the amount of each regular payment under the Mortgage in order to maintain the remaining amortization period of the Mortgage.

If you are unable to do so, then, at our option, the Mortgage will immediately become due and payable.

**6. INTEREST – MULTI-PURPOSE MORTGAGE**

If this Mortgage is a Multi-Purpose Mortgage, then you will pay interest at the rate or rates as set out in the Loan Documents.

**7. PAYMENT PROVISIONS**

In the case of a Fixed Rate Mortgage, a Variable Rate Mortgage or a Capped Rate Mortgage, interest is payable from the date of advance of funds, both before and after the Balance Due Date, default and judgment, until the Loan Amount is fully paid. Interest is calculated on the Loan Amount and Other Charges (if any), not in advance, according to the calculation period set out in Box 5, and is paid together with payments on account of the Loan Amount, in installments as set out in Box 5, or as may be otherwise set out in Box 5 – Other Details.

In the case of a Multi-Purpose Mortgage, interest is payable as set out in the Loan Documents.

**8. COMPOUND INTEREST**

In the case of a Fixed Rate Mortgage, a Variable Rate Mortgage or a Capped Rate Mortgage, if any payment is not made on its due date, we may charge you interest on any overdue portion of the amount owing on the Mortgage (including any overdue interest) until paid. This is called compound interest. Such overdue amounts may be added to the Loan Amount and will bear interest at the Interest Rate, from the date of default until paid, both before and after the Balance Due Date, default and judgment. All such interest and compound interest shall be paid at intervals which are the same as your periodic payment dates set out in the Mortgage or in any agreement between us, and shall form part of the Loan Amount which is secured by the Mortgage.

In the case of a Multi-Purpose Mortgage, compound interest may be payable as set out in the Loan Documents.

**9. DEFERRED INTEREST**

If any payment made on your Mortgage is insufficient to pay all accrued interest, the unpaid amount of the accrued interest may be added to the Loan Amount and will thereafter be subject to compound interest as explained in paragraph 8. Such deferred interest and compound interest form part of the Loan Amount and are secured by the Mortgage.

**10. INTEREST ON OTHER CHARGES**

Any Other Charges incurred by us will be added to the Loan Amount and will bear interest at the Interest Rate, from the date on which they are incurred until paid, and will be subject to compound interest as explained in paragraph 8. Such charges, interest and compound interest form part of the Loan Amount and are secured by the Mortgage.

**11. CALCULATION OF INTEREST COMPONENT OF PAYMENT**

The interest rate payable may be either variable or fixed.

If a debt obligation secured by the Mortgage requires principal and interest payments which are payable in equal periodic installments, the amount of the interest and principal components of each mortgage payment will vary as the principal reduces and where applicable, the Interest Rate changes. The following provides details on how you may calculate the portion of each payment which will be first applied to the payment of interest and/or then in reduction of the principal.

Start with the principal that remained outstanding after your last payment ("Principal").

In the case of a Fixed Rate Mortgage, use the Equivalent Rate in effect during that time ("Rate").

In the case of a Variable Rate Mortgage, Capped Rate Mortgage or Multi-Purpose Mortgage, use the applicable Interest Rate ("Rate").

Determine the number of days in the payment period, including the date of the immediately preceding payment (or, in the case of the first payment, the I.A.D.) and excluding the date on which the next mortgage payment is being paid ("Days").

As the Interest Rate may be subject to fluctuations, determine, for each different Interest Rate chargeable during the payment period, the number of days on which such Interest Rate was chargeable. In order to determine the amount of interest which accrued on the Principal in the payment period for each Interest Rate, the calculation will have to be made for each period based on each applicable Interest Rate. Each of the interest components calculated must be added in order to determine the total amount of interest which accrued on the Principal during the period.

**FORMULA**

$$\text{Principal} \quad \times \quad \frac{\text{Rate}}{100} \quad \times \quad \frac{\text{Days}}{365^*} \quad = \quad \text{Interest Component of Payment}$$

\*In leap years, the denominator used in this formula may be 366. You should contact us in order to verify whether to use 365 or 366.

If the balance outstanding under the Multi-Purpose Mortgage is owed pursuant to more than one Loan Document, you will have to make a separate calculation for each Loan Document.

If the payment exceeds the total amount of interest which accrued on the Principal during the period and there are no Other Charges, the balance of the payment is then applied in reduction of the Principal.

**EXAMPLE** The following example indicates how these calculations are carried out in practice. In this example, assume the following information:

- the "Principal" owing after the immediately preceding regular mortgage payment - \$50,000.00,
- "Rate" during the payment period - 9%,
- the amount of the regular mortgage payment - \$413.99,
- number of "Days" in the payment period e.g. January 1 to February 1 is a period of 31 days,
- use the formula set out previously to determine the interest which accrued on the Principal during the period.

$$\$50,000 \quad \times \quad \frac{9}{100} \quad \times \quad \frac{31}{365} \quad = \quad \$382.19$$

Apply the mortgage payment of \$413.99 first to payment of the total amount of interest which accrued on the Principal during the period - \$382.19. Subtracting the \$382.19 interest component from the \$413.99 payment results in a reduction of the Principal by \$31.80.

**12. TERMS OF PAYMENT – FIXED RATE MORTGAGE, VARIABLE RATE MORTGAGE, CAPPED RATE MORTGAGE**

If this Mortgage is a Fixed Rate Mortgage, a Variable Rate Mortgage or a Capped Rate Mortgage, the provisions of this paragraph 12 will apply.

**12.1 Payment Of Interest To The Interest Adjustment Date (I.A.D.)**

On the I.A.D. you will pay interest at the rate agreed by you on as much of the Mortgage Principal Amount as has been advanced, from the date of such advance to the I.A.D. We may require you to pay such interest in periodic installments beginning with the payment period following the first advance of Mortgage Principal Amount, until the I.A.D. We may also deduct, from any advance of the Mortgage Principal Amount, interest that will be due on the I.A.D.

## 12.2 Payments After The Interest Adjustment Date (I.A.D.)

If your Mortgage is a Fixed Rate Mortgage, after the I.A.D. you will make mortgage payments of principal and interest in the amounts, beginning on the First Payment Date, and ending on the Last Payment Date, all as set out in Box 5. The balance of the Loan Amount will be paid on the Balance Due Date;

If your Mortgage is a Variable Rate Mortgage or a Capped Rate Mortgage, after the I.A.D., you will make equal combined principal and interest payments, principal plus interest payments or interest only payments depending on the type of payment you choose. Where you have chosen to make equal combined principal and interest payments, the Amount of each payment, the Payment Frequency and the First Payment Date are all as set out in Box 5. Where you have chosen to make principal plus interest payments, the Amount of each payment applicable to principal, the Payment Frequency and the First Payment Date are all set out in Box 5, and for this type of payment, where the Prime Rate fluctuates up or down, and as the principal balance is reduced, the amount of your periodic payments for interest will be adjusted accordingly. If your Mortgage is Payable on Demand, where you have chosen to make interest only payments, the option "INTEREST ONLY PAYMENTS MUST BE MADE" must be chosen in Box 5 and the Payment Frequency and the First Payment Date will all be set out in Box 5 – Additional Provisions – Other and for this type of payment, where the Prime Rate fluctuates up or down, and as the principal balance may be reduced by any payments on account of principal which you choose to make and we accept, the amount of your periodic payment for interest will be adjusted accordingly. Provided that if you and the Credit Union have agreed that the indebtedness secured by this Mortgage is to be payable on an interest only prior to demand basis, but the said option "INTEREST ONLY PAYMENTS MUST BE MADE" was erroneously not chosen in Box 5, then the choice of "INTEREST ONLY PAYMENTS MUST BE MADE" will be deemed to have been made in Box 5.

## 12.3 Mortgage Payable On Demand

Your Mortgage is payable on demand, if this is indicated in Box 5 or if there is a written agreement between us that states that the Mortgage will be payable on demand. Even if the Mortgage Document sets out payment provisions over time, the Loan Amount is payable when we demand payment in writing. You will make payments as set out in Box 5, or as we may otherwise require, until we demand payment of the Loan Amount. It is entirely in our discretion as to whether we demand payment of the Loan Amount and we may so demand even if none of the events described in paragraph 12.6 has occurred.

## 12.4 Application Of Payments

All payments received on account of the Mortgage will be applied firstly to accrued interest, and secondly to reduction of the Loan Amount (including any amounts added to the Loan Amount by way of compound interest, Other Charges, or otherwise);

EXCEPT that if you are in default of any payment or obligation, we may apply payments in any manner we choose.

## 12.5 Payment On Sale Or Transfer

If you sell, convey or transfer your Land or agree to do so, to anyone without obtaining prior written approval from us, the Loan Amount shall, at our option, immediately become payable in full. If we accept payment from any person or persons whom we have not first approved in writing, this shall not mean that we have granted prior written approval nor that we have relinquished our right to require you to pay the Loan Amount in full. For the purposes of this provision, you will be treated as having sold, conveyed or transferred your Land where (i) ownership of your Land changes by operation of law (for example, if you are a natural person, if you die, or if you are a corporation, if your corporate existence ceases or if you amalgamate with one or more other corporations) and (ii) you are a corporation and there is a change in the ownership of your issued shares such that voting control changes hands (voting control meaning the right to exercise more than 50% of all of the voting rights attaching to your issued share capital).

You shall provide us with sufficient written information to enable us to determine whether we should give our written approval and we shall, upon receipt of sufficient information, make our determination in a timely manner. Prior written approval by us shall not be unreasonably withheld.

If we approve of the transfer of your Land to a new owner or owners, one of our requirements for giving our approval may be that the new owner(s) sign an agreement to be bound by the terms of the Mortgage, in a form and content acceptable to us.

If we are entitled to exercise our option to accelerate repayment in full of the Loan Amount, we will not be taken to have done so unless we confirm this to you in writing. If we so exercise that option, we can do so without considering you to be in default and thereby require you (and/or your transferee) to repay the Loan Amount in full together with a prepayment penalty as outlined in paragraph 12.7(c).

## 12.6 Demand/Acceleration Of Repayment

Notwithstanding the provisions of Box 5, and in addition to our right to demand payment of the Loan Amount, where the words "NOT PAYABLE PRIOR TO DEMAND" do NOT appear in Box 5 – Additional Provisions – Other, at our option (we are not to be taken to have exercised this option unless we confirm same to you in writing), the Loan Amount will become immediately due and payable as if the term of your Mortgage had expired, in any of the following events:

- (a) you default in making any payment or in performing any obligation required by the Mortgage;
- (b) we discover that any statement or promise you made in your loan application or the Mortgage is untrue or inaccurate or cannot be performed; or that you have used mortgage proceeds for a purpose other than is shown on your loan application;
- (c) we have reason to believe that you have abandoned the Land;
- (d) we receive notice of, or there is registered, any assignment for the general benefit of creditors, tax sale proceeding, work order, debt review proceeding or mediation, undefended statement of claim, builder's lien, agreement for sale, notice of security interest, judgment or other lien, proceeding or encumbrance affecting you or the Land which, in our sole opinion, could affect the priority of our Mortgage or your ability to fulfill your obligations under it;
- (e) if at any time, during the course of construction prior to the I.A.D., we are not satisfied with the progress or the quality of construction where our Mortgage is securing progressive advances under a construction project;
- (f) we believe that the security of our position is threatened in any way;
- (g) you die or otherwise cease to exist;
- (h) there occurs any other event or occurrence which is stated or described to be an event or occurrence of default in any existing or future agreement or other writing between us pertaining to any of the indebtedness secured by this Mortgage;
- (i) where you are in default under any other security held by us at any time to secure your obligations secured by this Mortgage, in whole or in part;
- (j) where you are in default of your obligations under any other encumbrance, claim or other interest which charges the Land and which holds priority against the Land ahead of the priority of the security of this Mortgage;
- (k) if we lose the benefit of any other security at any time held by us to secure, in whole or in part, your obligations secured by this Mortgage (except where we release the same by written release or discharge), including the benefit of any guarantee, covenant or indemnity obligation of any person or persons.

## 12.7 Prepayment Provisions

Your rights, if any, to prepay the balance outstanding under this Mortgage may be set forth in Box 5 - Additional Provisions - Prepayment terms - Details by setting out either a word or words describing the type of prepayment rights as set forth below or by setting out in detail the prepayment rights. These rights may be amended by any future renewals, amendments or extensions to this Mortgage. If no prepayment rights are described or provided for in the Mortgage Document, the Mortgage will be deemed to specify "Closed".

### (a) Prepayment Types

The following words describing the types of prepayment rights shall have the following meanings:

- (i) "Open" means that you have the right at any time to prepay the whole or any portion of the balance outstanding under this Mortgage without giving any prior notice of prepayment to the Credit Union and without having to pay to the Credit Union any additional fee or penalty for this right.
- (ii) "Closed" means that you may not make any payments to the Credit Union before the dates that they are due.
- (iii) "Closed with Annual Payment" followed by a figure and a percentage sign (%) means that once in each twelve month period starting on the Interest Adjustment Date ("I.A.D.") or the anniversary of that date, you have the right without notice or penalty to prepay an amount not exceeding the specified percentage of the Mortgage Principal Amount.

(b) Limited Prepayment Rights

If your Mortgage is Closed with Annual Payment, you have the right, once in each twelve month period starting on the I.A.D., or the anniversary of that date, to pay an amount up to the percentage of the Mortgage Principal Amount as specified in Box 5 - Additional Provisions - Prepayment terms - Details. If you do not fully exercise this right in any twelve month period, you will not be able to carry this right forward to any future twelve month period. This right is not available at all where you are prepaying more than the percentage of the Mortgage Principal Amount as specified in Box 5 - Additional Provisions - Prepayment terms - Details. In the event that you do make a prepayment, your regular loan payment shall continue to be due and payable in the same amount during the term of the Mortgage until maturity of the Mortgage, until we make demand or until the monies hereby secured have been repaid in full, whichever is the first to occur.

A prepayment penalty, in the amount set out in 12.7(c) is payable on the entire amount paid where you prepay more than the percentage of the Mortgage Principal Amount specified in Box 5.

(c) Prepayment Penalty

At the Credit Union's discretion, the amount to be charged as a prepayment penalty will be the greater of:

- (i) three months' interest at your Interest Rate calculated on the amount prepaid by you if the Land hereby secured is an owner occupied residence, or
- (ii) six months' interest at your Interest Rate calculated on the amount prepaid by you if the Land hereby secured is other than an owner occupied residence, or
- (iii) an interest differential payment. The interest differential payment will be an amount arrived at by calculating interest for the remaining term of the Mortgage on the amount prepaid at a rate equal to the difference between your Interest Rate and the rate charged by the Credit Union as at the date of prepayment for a mortgage similar to yours. A mortgage similar to yours has a term that is closest to the remaining term of your Mortgage.

The prepayment provisions in this paragraph 12.7 are not intended to be exhaustive and different prepayment rights may be set forth in the Mortgage or an amending agreement. In any event, if your Mortgage has a term of more than five years and you are not a corporation, you may prepay the outstanding balance of principal and interest at any time after the fifth anniversary of the I.A.D. In this case, you will be charged a prepayment penalty as set out in paragraph 12.7 (c) (i).

**12.8 Loan Repayable On Different Terms**

If a loan secured by this Mortgage is repayable other than over time by way of equal payments made at equal intervals, where the payments are allocated first to accrued interest and then to the balance of the loan then outstanding, then:

- (a) the payment and repayment terms for such loan (the "Actual Loan Payment Terms") shall be set forth in Box 5; and
- (b) those definitions and terms of payment and repayment contained in paragraphs 2 to 13, both inclusive, of these SCMT which are inconsistent with or which conflict with the Actual Loan Payment Terms shall be inapplicable and shall be and be deemed to be deleted from these SCMT.

**13. TERMS OF PAYMENT – MULTI-PURPOSE MORTGAGE**

If this Mortgage is a Multi-Purpose Mortgage, the provisions of this paragraph 13 will apply.

**13.1 Terms Of Repayment**

The Loan Documents will contain particulars of the interest rate or rates applicable and the terms and conditions of payment of principal and interest. Notwithstanding the terms of payment set out in the Loan Documents, at our option, the Loan Amount will become immediately due and payable, as if your Multi-Purpose Mortgage had expired, in any of the following events:

- (a) you default in making any payment or in performing any obligation required by any of the Loan Documents or by the Multi-Purpose Mortgage;
- (b) we discover that any statement or promise you made in your loan application or the Multi-Purpose Mortgage is untrue or inaccurate or cannot be performed; or that you have used proceeds for a purpose other than is shown on your loan application;
- (c) we have reason to believe that you have abandoned the Land;
- (d) we receive notice of, or there is registered, any assignment for the general benefit of creditors, tax sale proceeding, work order, debt review proceeding or mediation, undefended statement of claim, builder's lien, agreement for sale, notice of security interest, judgment or other lien, proceeding or encumbrance affecting you or the Land which, in our sole opinion, could affect the priority of our Multi-Purpose Mortgage or your ability to fulfill your obligations under it;
- (e) if at any time, during the course of construction, we are not satisfied with the progress or the quality of construction where our Mortgage is securing progressive advances under a construction project;
- (f) we believe that the security of our position is threatened in any way;
- (g) you die or otherwise cease to exist;
- (h) there occurs any other event or occurrence which is stated or described to be an event or occurrence of default in any existing or future agreement or other writing between us pertaining to any of the indebtedness secured by this Multi-Purpose Mortgage;
- (i) where you are in default under any other security held by us at any time to secure your obligations secured by this Multi-Purpose Mortgage, in whole or in part;
- (j) where you are in default of your obligations under any other encumbrance, claim or other interest which charges the Land and which holds priority against the Land ahead of the priority of the security of this Multi-Purpose Mortgage;
- (k) if we lose the benefit of any other security at any time held by us to secure, in whole or in part, your obligations secured by this Multi-Purpose Mortgage (except where we release the same by written release or discharge), including the benefit of any guarantee, covenant or indemnity obligation of any person or persons.

**13.2 Payment On Sale Or Transfer**

If you sell, convey or transfer your Land or agree to do so to anyone without obtaining prior written approval from us, the Loan Amount shall, at our option, immediately become payable in full. If we accept payment from any person or persons whom we have not first approved in writing, this shall not mean that we have granted prior written approval nor that we have relinquished our right to require you to pay the Loan Amount in full. For the purposes of this provision, you will be treated as having sold, conveyed or transferred your Land where (i) ownership of your Land changes by operation of law (for example, if you are a natural person, if you die, or if you are a corporation, if your corporate existence ceases or if you amalgamate with one or more other corporations) and (ii) you are a corporation and there is a change in the ownership of your issued shares such that voting control changes hands (voting control meaning the right to exercise more than 50% of all of the voting rights attaching to your issued share capital).

You shall provide us with sufficient written information to enable us to determine whether we should give our written approval and we shall, upon receipt of sufficient information, make our determination in a timely manner. Prior written approval by us shall not be unreasonably withheld.

If we approve of the transfer of your Land to a new owner or owners, one of our requirements for giving our approval may be that the new owner(s) sign such agreements confirming indebtedness to us, in a form and content acceptable to us.

If we are entitled to exercise our option to accelerate repayment in full of the Loan Amount, we will not be taken to have done so unless we confirm this to you in writing. If we so exercise that option, we can do so without considering you to be in default and thereby require you (and/or your transferee) to repay the Loan Amount in full together with a prepayment penalty as outlined in paragraph 13.3.

### 13.3 Prepayment Provisions

Your rights, if any, to prepay the balance outstanding on any of your obligations secured by this Multi-Purpose Mortgage may be contained in one or more of the Loan Documents. If any part of the Loan Amount is advanced pursuant to a line of credit agreement, you may pay all or any part of that portion of the Loan Amount at any time, without notice, or penalty.

### 13.4 Loan Amount Exceeding Mortgage Principal Amount

If the Loan Amount should at any time or from time to time be greater than the Mortgage Principal Amount set out in Box 5 of the Mortgage Document, and because of an applicable law, part of the Loan Amount is not secured by this Mortgage, or is partially secured, we may, at any time and from time to time, decide what portion of the Loan Amount shall be so secured by the Mortgage, and which portion shall not be secured. Nothing in the Mortgage shall prejudice or otherwise affect in any way any right we may have, independent of the Mortgage, to enforce payment of any amount now or later owing to us (whether under the Loan Documents or otherwise) by you or any other person. Any payment made by you to us (whether under the Mortgage or the Loan Documents or otherwise and whether before or after demand, default or judgment) and any amount realized by us from any security (including the Mortgage) may be applied to such part or parts of the Loan Amount or to any other amount payable under the Mortgage as we in our sole discretion, may determine, whether or not you request a different application.

## 14. YOUR COVENANTS AND PROMISES TO US

You specifically covenant, promise and agree with us that:

### 14.1 Application

Every statement made by you to us, including statements made in your loan application, if any, is true, correct and accurate and you will perform all of your obligations in any loan application signed by you. The terms of your loan application, if any, are incorporated into the Mortgage, but where there is a conflict between the terms of the commitment letter, if any, and the Mortgage, the terms of the Mortgage shall prevail.

### 14.2 Title

#### (a) Freehold Title

If you are or are entitled to be an owner in fee simple of or with an absolute title to the Land, you certify, covenant and agree with us that:

- (i) you will pay the Loan Amount as required by the Mortgage or any Loan Documents, will pay Taxes assessed against the Land and will comply with all other obligations of the Mortgage or any Loan Documents;
- (ii) you are or are entitled to be the lawful owner of the Land;
- (iii) you have the right to give us the Mortgage;
- (iv) there are no encumbrances or other claims or interests affecting title to the Land, except those to which we have given our prior written consent;
- (v) there are no limitations affecting title to the Land except for any restrictions registered in the land titles office and except for building and zoning by-laws, all of which we have approved of in writing, with all of which you and the Land have complied;
- (vi) you will insure the buildings on the Land as required by paragraph 14.7;
- (vii) you will, at your expense, sign any other document or take any further action as we may in our sole opinion think necessary to ensure that all your interest in the Land has been fully charged to us, and that the Loan Amount is, in our sole opinion, adequately secured;
- (viii) if you default in any of your obligations under the Mortgage or any Loan Documents, we shall have quiet possession of the Land, free from all encumbrances;
- (ix) you will defend your title to the Land and will not in any way interfere with our interest in the Land.

#### (b) Leasehold Title

If you are or are entitled to be a tenant or lessee, under a lease, of the Land, in addition to any other provisions contained in this Mortgage, you certify, covenant and agree with us that:

- (i) you will pay the Loan Amount as required by the Mortgage or any Loan Documents, will pay Taxes assessed against your interest in the Land (and will cause your lessor to pay Taxes assessed against the lessor's interest in the Land), and will comply with all other obligations of the Mortgage or any Loan Documents;
- (ii) the Land is leased to you (or you are entitled to have the Land leased to you) under a valid lease, a true copy of which you have given us and that you have (or you are entitled to have) good leasehold title to the Land;
- (iii) all rents and other monies payable under the lease have been paid and there are no unremedied defaults (no matter when or by whom committed) outstanding under the lease, in both cases up to the date you sign the Mortgage Document;
- (iv) you have the consent of your landlord or lessor, or you have the right without your landlord or lessor's consent, to charge your interest in the lease to us in either case, either without conditions or requirements of your landlord or lessor, or, upon conditions and requirements which we have approved of in writing;
- (v) 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 all of which you and your landlord have complied. There are no encumbrances or other claims or interests affecting title to your interest in the Land, except those to which we have given our prior written consent;
- (vi) you will pay rents and other payments required by the lease as they fall due;
- (vii) you will comply with all your other obligations set out in the lease;
- (viii) you will not surrender the lease or cause it to be terminated;
- (ix) you will not make any change in the lease without first obtaining our written consent;
- (x) you will promptly give us a true copy of any notice, demand or request which you may receive relating to the lease;
- (xi) you will, at your expense, sign any other document or take any further action as we may think necessary in our sole opinion to ensure that all your interest in the Land and in the lease has been fully charged to us, and that the Loan Amount is, in our sole opinion, adequately secured;
- (xii) if you default in any of your obligations under the Mortgage or any Loan Documents, we shall have quiet possession of the Land, free from all encumbrances;
- (xiii) you will defend your title to the Land, will not in any way interfere with our interest in the Land and will indemnify us against all actions, claims, costs and demands should you default under your lease and all amounts you may owe us at any time by virtue of your indemnification will be added to the Loan Amount and will be secured by the security of this Mortgage, and, this indemnity will survive any discharge of the Mortgage;

- (xiv) notwithstanding anything contained in or implied from any terms in the Mortgage, it is understood and agreed that the mortgage charge created by this Mortgage will not apply to the last day of the term of your lease, or to the last day of any renewal or extension term thereof, and you will hold the Land 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 enjoy under other provisions of the Mortgage and at law. You will, when requested by us, obtain written assurances and undertakings from your lessor and all persons holding mortgages or other encumbrances, claims or interests in your lessor's interest in the Land which will protect us against any exercise of any of the rights, claims or interests of such other persons, the same to be at your cost and to be upon such terms as we deem necessary, acting reasonably;
- (xv) 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 Land and for that person's Successors;
- (xvi) 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 Land as we may require to perfect any sale we may make;
- (xvii) if you acquire the freehold estate or interest in the Land prior to the discharge of the Mortgage, you will, on our request and at your cost and expense, provide us with a mortgage of such estate or interest, on terms substantially the same as those contained in the Mortgage;
- (xviii) you will from time to time, when we ask you to do this, provide to us at your cost, written statements from your lessor advising as to the status of the lease.

#### 14.3 Further Encumbrances

You will not without our prior written consent create or allow to be created any other mortgage, charge, lien, claim, interest or encumbrance over the Land. This prohibition applies to any mortgage, charge, lien, claim, interest or encumbrance which is or may be registered against the title to the Land or which is valid without being registered against such title, and it applies to those which you may create by intentional act and those which arise by operation of law or under statute.

#### 14.4 Use Of Loan

The loan proceeds will be used only for the purposes stated in the loan application and approved by us.

#### 14.5 Covenant To Pay

You promise to pay the Loan Amount secured by and payable under the Mortgage or Loan Documents, as and when required by the Mortgage or Loan Documents, without any deduction or set-off.

#### 14.6 Taxes, Etc.

You will promptly pay all Taxes, liens, charges, encumbrances and other claims which may have or may acquire a priority over the Mortgage, and provide us with evidence of payment on request.

- (a) In addition to any other rights we may have, we may deduct from any advance of the Mortgage Principal Amount an amount sufficient to pay such Taxes or charges, and pay them directly, or we may pay them and add them to the Loan Amount.
- (b) We may at any time require you to pay, either with your payments set out in Box 5 or at any other times we determine, such additional amounts as we think necessary to provide a fund sufficient to pay Taxes as they fall due (the "tax fund"). Such additional amounts will be determined by our estimate of the amount of Taxes and the number of payments to be made before Taxes are due.
- (c) If we require such a tax fund:
  - (i) we do not have to hold it in trust, or pay interest on it, or apply it to Taxes more than once a year;
  - (ii) we can apply it to remedy any default, or to any part of the Loan Amount if you are in default of any obligation;
  - (iii) if the Taxes charged in any year exceed the tax fund, you will immediately pay us the shortfall. If you do not, we may leave that portion of Taxes unpaid, or we may pay it directly and add it to the Loan Amount;
  - (iv) you will send us all tax bills or other notices relating to Taxes as soon as you receive them;
  - (v) if you wish to obtain any discount for early payment of Taxes, or to avoid any penalties, you will pay us any additional amounts necessary to do so.

#### 14.7 Insurance

You will immediately insure and keep insured all buildings, structures, fixtures and improvements on the Land for not less than their full insurable replacement value until the Mortgage is discharged. You must insure against loss or damage by fire, with standard extended perils coverage, and such additional perils, risks or events as we may require at any time.

If our loan approval so requires, you must also place and maintain crop or hail insurance, or both, in any or all crops grown on the Land, for their full insurable value or to the extent required by us. If our loan approval so requires, you must also place and maintain such other kinds of insurance as may be specified in the approval.

If a steam boiler, pressure vessel, oil or gas burner, stoker, sprinkler system or other comparable apparatus is operated on the Land, you must so insure against loss or damage caused by such device.

All insurance policies must be carried with an insurer or insurers acceptable to us. They must contain standard mortgage clauses approved by the Insurance Bureau of Canada or by us, under which loss proceeds are payable first to us, or as our interest may appear, and we shall have the right to receive and to have a lien on such loss proceeds. If we become the owner of the Land by virtue of the Mortgage, then notwithstanding that all indebtedness secured by the Mortgage will or may have been extinguished, all your right and interest in all insurance applicable to the Land then in effect will pass to us and become our property.

All such policies shall contain an undertaking by the insurers to notify us in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew, or termination of the policy. If you do not take out or you fail to keep in force any such insurance, or if any such insurance is not approved by us, and if you do not rectify the situation within ten (10) days after written notice from us to you, we have the right, without assuming any obligation in connection to do so, to arrange for insurance at your sole cost and expense. If we are obligated to pay any premiums or sums of money for insurance for the Land or any part thereof the amount of such payment shall be added to the debt secured by the Mortgage and shall bear interest at the same rate applicable to principal as set out in the Mortgage from the time of such payments and shall be payable at the time appointed for the next ensuing paying of interest on the said debt.

You must, on our request, provide us with a certified copy of each such policy, and with evidence of its renewal before its expiry date. We may, but are not obliged to, place and pay for any insurance policy which we think necessary to protect our interest. The cost we incur in doing so will form part of Other Charges.

If loss or damage occurs, you will immediately and at your expense, furnish all necessary proofs and do everything necessary to enable us to obtain the insurance proceeds. You hereby authorize us to act in your place (which we are not obliged to do) and to take all such steps in order to cause the insurance proceeds to be payable to us.

Insurance proceeds received by us may at our sole option and in our sole discretion be:

- (a) applied to repair or rebuild your property; or
- (b) applied to reduce any part of the Loan Amount as we determine in our sole discretion, whether due or not, and if we choose to apply insurance loss proceeds to repay the full balance of any loan secured by this Mortgage, we shall also be entitled to collect from you (and to pay ourselves out of such loss proceeds) a prepayment penalty referred to in paragraph 12.7 or paragraph 13.3;

- (c) paid to you; or
- (d) paid on account of any other mortgage, charge, encumbrance, lien, claim or other interest applicable to the Land; or
- (e) applied partly in two or more of the foregoing ways.

#### 14.8 Vacancy, Waste

You will not allow the Land to become or remain vacant or abandoned, and you will not commit or allow any act of waste or any other act or thing which in our opinion could decrease the value of the Land. You will also comply with all municipal, provincial and federal laws, rules, regulations and requirements applicable to the Land or any portion or portions thereof, including, without limitation, those dealing with environmental protection, zoning, health, fire prevention, and, building, electrical and plumbing codes. You agree to indemnify us against all liability, loss, cost and expense incurred by us as a result of your failing to comply with this paragraph. All amounts which you may owe us at any time by virtue of your indemnification will be added to the Loan Amount and will be secured by the security of this Mortgage. Your indemnification will survive any discharge of this Mortgage.

#### 14.9 Hazardous Substances

##### (a) Definition

Reference herein to "Hazardous Substances" means any substance which is hazardous to persons or property and includes, without limiting the generality of the foregoing:

- (i) radioactive materials;
- (ii) explosives;
- (iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to use by people or by any animal, fish or plant;
- (iv) any solid, liquid, gas or odour or combination of any of them that, if emitted by air, would create or contribute to the creation of a condition of air that:
  - (I) endangers the health, safety or welfare of persons or the health of animal life; or
  - (II) causes interference with normal enjoyment of life or property; or
  - (III) causes damage to plant life or to property;
- (v) the substances including, without restriction, urea formaldehyde foam insulation, asbestos and poly-chlorinated byphenyls;
- (vi) substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or put into force by any governmental authority having jurisdiction over you, the Credit Union or the Land; and
- (vii) substances which we, acting reasonably, determine to be hazardous or toxic.

##### (b) Representation

Neither you, nor, to your best knowledge, any other person has ever caused or permitted any Hazardous Substance to be placed, held, located or disposed of on, under or at the Land, save and except as disclosed to us in writing.

##### (c) Covenants

You hereby covenant and agree with us as follows:

- (i) you shall not allow any Hazardous Substance to be placed, held, located or disposed of on, under or at the Land without prior written consent;
- (ii) you shall not allow the Land to be used in any manner in contravention of any applicable laws intended to protect the environment, including without limitation, laws respecting the disposal and emission of Hazardous Substances;
- (iii) to the extent that Hazardous Substances are, with our consent, placed, held, located or disposed of on, under or at the Land in accordance with the terms hereof, you shall:
  - (I) comply with, or cause to be complied with, all applicable laws and regulations relating to the use, storage and disposal of the Hazardous Substances; and
  - (II) at our request, provide evidence to us of compliance with all applicable laws and regulations, such evidence to include inspection reports and such tests as we may reasonably require, all at your expense;
- (iv) without restricting the generality of the foregoing, in the event that gasoline or other storage tanks are located on, under or at the Land, you shall:
  - (I) cause the storage tanks to be maintained and repaired in a manner satisfactory to us, and if you decide to remove any such tanks, or government authorities with jurisdiction require you to remove them, you will remove them in accordance with the requirements of applicable law and provide us with evidence of such compliance by you; and
  - (II) at our request, obtain assignments of any warranties or guarantees received from the manufacturer or installer of such storage tanks in our favour as additional security.

##### (d) Indemnity

You hereby indemnify and save us and our Successors harmless from and against any and all losses, liabilities, damages, costs and expenses of any kind whatsoever including, without limitation:

- (i) the costs of defending, counter-claiming or claiming over against third parties in respect of any action or matter including legal fees, costs and disbursements on a solicitor and client basis and at all court levels;
- (ii) any cost, liability or damage arising out of a settlement of any action entered into by us with or without your consent; and
- (iii) the costs of repairs, clean-up or restoration paid by us and any fines levied against us;

which at any time or from time to time may be paid, incurred or asserted against us, as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release, of Hazardous Substances from the Land either into the atmosphere or into any water or onto any lands (including the Land). This indemnification shall survive the satisfaction, release or enforcement of this Mortgage or security collateral hereto and the full repayment of the Loan Amount thereon at the Interest Rate, together with all other monies secured by this Mortgage, including without restriction, any Other Charges made or incurred by us hereunder.

#### 14.10 Repair

You will maintain the Land at all times and keep it in good condition and repair. If you do not, we can perform any maintenance, repairs or improvements we think necessary, and add the costs to the Loan Amount. Any repairs or improvements form part of our security. Before commencing any repairs or improvements, or before making any additions, you will first obtain our written consent therefor, and you agree that prior to our giving such consent, we may require that you engage or promise to engage competent architects, engineers, designers, contractors and tradespersons.

#### 14.11 Quiet Possession On Default

If you default in any of your obligations under the Mortgage or any Loan Documents, we will have quiet possession of the Land free from all encumbrances, claims or other interests, excepting only for those to which we have agreed in writing to subordinate our Mortgage. We may, by notice to you, require you to vacate the Land and remove all of your belongings from it.

#### 14.12 Other Obligations And Agreements

You will comply with every other covenant, promise and agreement you have made to us, or which you may hereafter make to us, as if every one were set out as a specific covenant in this paragraph 14.

#### 14.13 Further Assurances

You will at your expense give further security, sign any other document, and do anything further which we think necessary to ensure that your interest in the Land is fully mortgaged to us, and that the Loan Amount is adequately secured.

#### 14.14 Default

You acknowledge the terms and conditions of any commitment letter (and any amendments thereto, any reference to the "commitment letter" in the Mortgage to mean the commitment letter as originally signed and all amendments which may be made from time to time) relating to this Mortgage and that such terms and conditions are included in and incorporated by reference in the terms hereof and shall not merge in this Mortgage and that default hereunder or under the commitment letter will constitute default herein and vice versa; provided that in the event of any conflict between the provisions of any commitment letter and this Mortgage, the terms of this Mortgage shall govern. If you default on the terms of any prior encumbrance or any other loan or mortgage with us, we may consider you in default under this Mortgage. If you default under this Mortgage, we may consider you in default of any other loan or mortgage with us.

#### 14.15 No Change In Use

As long as the Mortgage remains undischarged, you will not change or permit any change in the use of the Land (even if the same is permitted by applicable law) from the use which has been approved of by us, and you will not request or support any rezoning or other change regarding usage of the Land without obtaining our prior written consent.

#### 14.16 Inspections

We or an agent appointed by us, may, at any time, before and after default, and for any purpose deemed necessary by us, enter upon the Land to inspect the Land and all buildings thereon. Without in any way limiting the generality of the foregoing, we (or our agents) may enter upon the Land to conduct any environmental testing, site assessment, investigation or study deemed necessary by us and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Interest Rate, shall be payable by you forthwith and shall be a mortgage upon the Land. The exercise of any of the powers enumerated in this clause shall not deem the Credit Union, CMHC, or other mortgage default insurer or their respective agents to be in possession, management or control of the Land.

#### 14.17 Other Claims or Liens

You will not allow any builders' lien to remain undischarged on the title to the Land for more than 30 days unless:

- (a) you diligently dispute the validity of the lien by taking all necessary steps to do so;
- (b) you provide us satisfactory security to pay the lien and all legal costs in full on a full indemnification basis;
- (c) you authorize us to use such security to pay out and discharge the lien and all legal costs incurred by us and by a valid lien claimant.

If any lien, security interest or other charge affects the Land and we deem it necessary to protect out interests under this Mortgage, we may pay the amounts of such lien, security interest or charge and all amounts so paid shall be added to the Loan Amount and shall be payable by you.

#### 14.18 Construction and Construction Advances

If funds are advanced to you for the purpose of paying for any construction, renovation or addition to any buildings on the Land, the following provisions apply:

- (a) we may make advances, in our discretion, based on the progress of construction. We will decide when and how much money to advance, taking into account the state of completion of the construction, renovation or addition and the cost of completion;
- (b) we may withhold funds from any advance to ensure compliance with *The Builders' Liens Act*;
- (c) If this is a construction mortgage, we may require that accrued interest on progress advances from the date of those advances be paid periodically. We may deduct accrued interest from the principal amount of any advance. If the Mortgage Principal Amount is not fully advanced by the I.A.D., the I.A.D. will be changed to be the date of the final advance. The Last Payment Date and Balance Due Date shall also be changed. If the Loan Documents do not set out an I.A.D., the I.A.D. shall be deemed to be the date of the final advance.

#### 14.19 Foreign Resident

If you are a resident for tax purposes of a country other than Canada and your country of residence charges a withholding tax on the interest portion of your payment to us, you will pay the amount withheld to us in order that we may receive the full amount of your interest payment free of such withholding tax. You are solely responsible for paying any and all withholding taxes and will provide proof of payment to us upon request. Any withholding tax deducted from payments owing to us, that we are required to pay or that we choose to pay on your behalf shall be added to the Loan Amount.

#### 14.20 Renting the Land (Mortgages of Single Family Residences only)

Unless you advised us that the Land was not going to be occupied by you as your home and that you intended to rent it to a tenant, you will at all times during the Term occupy the Land as your home. You may only rent the Land with our consent, which may, at our option, be withheld. Any and all costs incurred by us, including the cost of dealing with a tenant to obtain vacant possession of the Land in the event of a sale of the Land as a result of your default under this Mortgage, shall be added to the Loan Amount.

#### 14.21 New Home Warranty

If a warranty under *The New Home Warranty Act* applies to a building on the Land, you will comply with all requirements to maintain the validity of such warranty. Any costs paid by us to comply with or enforce your rights under the warranty will be added to the Loan Amount.

#### 14.22 Deposit Account for Payments

You will keep and maintain a deposit account at a Canadian financial institution and you will authorize us to withdraw from that account automatically for each payment when it is due. You will keep enough money in the account to ensure that each payment can be made when due. You will not cancel the authorization to make automatic withdrawals or close the account without our consent. If your financial institution, for any reason such as insufficient funds or the closure of the account, refuses the pre-authorized withdrawal, you will be charged by us for any fee charged by your financial institution.

### 15. PROTECTING OUR INTERESTS

We have the right to do anything which we feel necessary to protect our interests in the Land and to secure payment of the Loan Amount. This may include, but not be restricted to, such things as:

- (a) paying Taxes, liens or encumbrances;
- (b) entering, inspecting, surveying or appraising the Land. Entry by us shall not make us a mortgagee in possession or responsible for the obligations of a mortgagee in possession and we may do any of these things both before and after any default by you under this Mortgage;
- (c) managing, caretaking, or leasing the Land and collecting the rents and profits;
- (d) insuring the Land or crops;
- (e) repairing, maintaining or improving the Land, or finishing any uncompleted structure;
- (f) working, breaking, summer fallowing, controlling weeds, harvesting or otherwise farming the Land;
- (g) fulfilling any of your obligations or agreements expressed or implied in the Mortgage, which you have failed to fulfill;

(h) doing any other thing which in our sole opinion is necessary to preserve the value of the Land, perfect the Mortgage or collect the Loan Amount.

These things may be done without notice or your consent, and at your expense. For these purposes, we and our agents may enter on the Land at all reasonable times without interference from you. While you agree that we have the rights described in this paragraph 15, you also agree that we are under no obligation to exercise any of those rights, and that if we do exercise them, you will have no claim against us by reason of anything which we did (or omitted to do) in exercising any of such rights.

## 16. OTHER CHARGES

All costs which we customarily charge, or may pay or be liable to pay will be deemed to be Other Charges and shall be paid by you as such. They may include, but are not restricted to:

- (a) costs incurred in placing or perfecting the Mortgage security, including survey and legal costs;
- (b) our service charges and processing fees payable on application, appraisal, renewal, extension, amendment, transfer, discharge, prepayment, preparation of assumption statements, life or disability insurance premiums, or any other service charge announced by us at any time;
- (c) all costs of doing anything we are entitled to do under the Mortgage, including those things listed in the previous paragraph 15;
- (d) all costs of enforcing our rights and remedies under the Mortgage, and of any proceedings to take possession of, lease, manage or foreclose the Land, appoint a receiver or do anything else we are entitled to do;
- (e) all costs incurred by us as a secured creditor under the *Bankruptcy and Insolvency Act* (Canada); particularly, those costs imposed upon us due to proposals and the stay provisions of that act.

In all cases, such costs include our legal fees on a lawyer-client basis, and a reasonable allowance for the time and service of our employees and all the expenses of professionals and consultants incurred by us under the *Bankruptcy and Insolvency Act* (Canada).

These Other Charges are added to the Loan Amount and bear interest from the date they are paid by us. They are part of the Loan Amount, secured by the Mortgage and are a charge upon the Land. They are payable immediately upon being paid by us. When we pay any such charge, we stand in the legal position of the creditor so paid.

## 17. OUR REMEDIES ON DEFAULT

If you default in any payment or other obligation under this Mortgage or the Loan Documents, we may take any one or more of the following remedies as permitted by law:

### 17.1 Sue

We may demand payment of the Loan Amount and sue you for it.

### 17.2 Take Possession And Lease

If you default in making any payment of the Loan Amount for one month, we can take possession of the Land and lease it on such terms and for whatever period we may decide upon to any maximum period allowed by law. We may also lease the Land or any portion or portions thereof without taking possession thereof.

### 17.3 Collect Rents And Profits

We may collect the rents and profits from the Land, and if they are not sufficient to pay the Loan Amount, you will owe us the deficiency.

### 17.4 Distrain

Except where the Land is residential premises, we may enter and seize goods on your Land, and sell them to recover the unpaid balance of the Loan Amount. You expressly waive any defect or irregularity with respect to such seizure.

### 17.5 Sell

If your default continues for thirty days, we may on notice to you as required by the Act or a court, sell all or any part or any parts of the Land. Any sale can be for cash, credit, or part cash and part credit, by public auction or private contract, and for such price as we can obtain. We are not accountable for sale proceeds until we actually receive them. If net sale proceeds are not sufficient to pay the Loan Amount, you will owe us the deficiency. No lack of notice or irregularity invalidates the sale, and if you or anyone claiming under or through you has any claim arising by virtue of the sale, that claim will be asserted against us alone, and in any event will not be asserted against the Land or anyone who purchases the Land (or any portion or portions thereof) from us, and those claiming under and through any such purchaser.

### 17.6 Foreclosure

If the Land is not sold after we obtain an order for sale, we can foreclose. If we obtain a final order of foreclosure, the Land belongs to us.

### 17.7 Appoint Receiver

If you are in default in the observance or performance of any of the terms, conditions, covenants or payments described herein or in any additional security given by you to us then we can, in writing, appoint any person or persons whether our officer or officers or employee or employees, or not, to be a receiver or receivers of the Land and assets which are charged in our favour and the rents and the profits derived therefrom, and can remove any receiver or receivers so appointed and appoint another or others in place of such receiver or receivers. The term "receiver" as used in this Mortgage shall include a receiver, a manager or a receiver and manager. The following provisions shall apply to this paragraph:

- (a) A receiver or receivers so appointed are conclusively your agent or agents and you shall be solely responsible for the acts or defaults and for the remuneration and expenses of the receiver or receivers. We shall not be in any way responsible for any misconduct or negligence on the part of any receiver or receivers and may, from time to time, fix the remuneration of every receiver or receivers and be at liberty to direct the repayment thereof from the proceeds collected.
- (b) Nothing contained herein and nothing done by us or by a receiver or receivers shall render us a mortgagee in possession or responsible as such.
- (c) All monies received by the receiver or receivers after providing for payment and charges ranking prior to this Mortgage and for all costs, charges and expenses of or incidental to the exercise of any of the powers of the receiver or receivers can be applied in or towards satisfaction of the monies owing pursuant to this Mortgage.
- (d) The receiver or receivers so appointed shall have power to:
  - (i) take possession of, collect and get in the Land or any part thereof, rents and profits thereof, and the subject matters of any additional security granted by you to us and for that purpose to take any proceedings, be they legal or otherwise, in your name or otherwise;
  - (ii) carry on or concur in carrying on the business which you are conducting on and from the Land;
  - (iii) lease or re-lease all or any portion of the Land and for this purpose to execute contracts in your name, which contracts shall be binding upon you; and
  - (iv) take such other action as may be authorized or directed by us in writing to the receiver or which may be granted to the receiver by a court.

The rights and powers conferred by this paragraph are supplemental to and not in substitution for any other rights which we may have from time to time.

### 17.8 Other Remedies

We may pursue any other remedy which is permitted by law. If, in enforcing any of our remedies, we enter into possession of the Land, you will not interfere with our possession or with the possession of any receiver or any person to whom the Land is leased or sold. You will make no claim against any person to whom the Land is leased or sold. If you have any claim concerning the Land, it is only against us and only for money damages. All costs we incur in enforcing any of these remedies are payable by you as explained in paragraph 16.

## **17.9 Additional Security**

If you have given us a security interest in any other property to secure the Loan Amount, we may take steps to enforce such security interest either before or after or at the same time as enforcing this Mortgage. Any money recoverable in connection with the other property will be applied against the Loan Amount without affecting our rights of enforcement under this Mortgage.

## **17.10 Our Obligation To Make Further Advances Ends**

We shall have no further obligation to advance any monies or other value secured or intended to be secured by this Mortgage.

## **17.11 You Are Not Relieved Where We Remedy Your Default**

If we take action to remedy any failure by you to perform any of your obligations (as referred to in paragraph 15 of this document), and notwithstanding that we exercise our consequent right to add the costs thereby incurred by us to the Loan Amount, such remedying by us will not relieve you from the other consequences of default hereunder and our remedying of your default will not be considered to be a remedying of same by you.

## **18. RIGHTS CUMULATIVE**

The rights and remedies we have under the Mortgage are in addition to, and not in substitution for, any rights, remedies or powers which we may now or in future have under any law or statute or otherwise, including by way of agreement with you or with those claiming under or through you who have the right and power to grant us rights and remedies. Where we exercise any right or remedy on any one occasion, this will not be taken by you or anyone claiming under or through you that we have exhausted our entitlement to exercise such right or remedy, and we shall be entitled to exercise such rights or remedies on any number of subsequent occasions as we deem appropriate.

## **19. NON-MERGER**

If we obtain any court judgment against you in any action to enforce our rights and remedies, such judgment does not prevent us from pursuing our other remedies or our rights to enforce your other obligations, including our right to receive interest as required by the Mortgage.

## **20. DELAY IN ENFORCEMENT**

No delay in enforcing any of our rights under the Mortgage affects the validity of those rights, or our ability to enforce them at any time. If we do not immediately enforce any obligation you have failed to perform, our delay does not waive or cure any existing default, and does not justify your default or delay on any other occasion. No default is waived or cured except by our written agreement. Just because we waive or forgive payment or performance of any of your obligations under this Mortgage on any particular occasion, this is not to be taken by you (or anyone else claiming under or through you) that we will waive or forgive performance of any of your other obligations on any subsequent occasion.

## **21. ADVANCES OF THE MORTGAGE PRINCIPAL AMOUNT**

### **21.1 Advances After Signing**

If any part of the Mortgage Principal Amount is not advanced at the date you sign the Mortgage, we may advance it in one or more advances at any future time, and such future advances are secured by the Mortgage and repayable with interest as explained in the Mortgage or any Loan Documents.

### **21.2 Credit Union Not Bound To Advance**

If for any reason we do not wish to advance all or part of the unadvanced Mortgage Principal Amount, we are not bound to do so. This applies even if the Mortgage has been signed and registered, and whether or not any part of the Mortgage Principal Amount has already been advanced. Even if we do not advance all or part of the Mortgage Principal Amount, you have mortgaged all of your interest in the Land to us, and you are required to pay us all our costs and expenses (including legal fees on a lawyer-client basis) for investigating your loan application and title, and preparing and registering the Mortgage. Such costs and expenses are secured by the Mortgage, are a charge on the Land, and are payable immediately, with interest at the Interest Rate.

Without limiting our discretion to refuse any advance of the Mortgage Principal Amount for any reason, we may so refuse if:

- (a) the facts have changed materially from those shown on the loan application;
- (b) there has been any misrepresentation;
- (c) any lawyer's report on investigation of your title or as to the status of this Mortgage or any other security is unsatisfactory to us, or suggests that we will not receive a valid, enforceable Mortgage; or
- (d) funds have not been advanced on or before any commitment date we may have indicated in your loan approval (or other date which we have specified as a deadline for advancement of some or all of the funds to be secured by this Mortgage).

## **22. PARTIAL RELEASE AND POSTPONEMENT**

At our discretion, we may at any time release our interest in all or part of the Land, whether or not we receive payment for doing so, and be accountable to you only for money we actually receive. If we release our interest in part of the Land only, the remainder will continue to secure the Loan Amount, and the obligations of you and any Covenantor continue unchanged.

We may also release any Covenantor or other Borrower from any or all obligations under the Mortgage, whether or not we receive payment for doing so, and be accountable to you only for money we actually receive. Such a release does not affect the obligations of any remaining Covenantor or Borrower. We may also postpone this Mortgage, in whole or in part, and on such terms as we deem appropriate, in favour of any other encumbrance, claim or other interest now or hereafter existing, and if we do the foregoing or any of the foregoing, this shall not in any way and to any degree whatsoever release or discharge you, or any other person who is, in whole or in part, responsible for payment of the obligations secured by this Mortgage, nor will the same release or entitle you to a release of any security held by us, including the security constituted by this Mortgage.

## **23. ATTORNMENT**

To better secure the punctual payment of the Loan Amount, you attorn tenant to us, at a periodic rent equal to the periodic payments due under the Mortgage. The legal relationship of landlord and tenant is created, but we can at any time after a default under the Mortgage, terminate the tenancy without giving notice. Provided, however, and it is hereby agreed that neither this clause nor anything done by virtue thereof shall render the Credit Union a mortgagee in possession or accountable for any monies except those actually received.

This paragraph does not apply to a "rental unit" comprising all or any part of the Land, as that term is defined in *The Residential Tenancies Act* (Manitoba) and amendments thereto.

## **24. EXPROPRIATION**

If all of the Land is expropriated, the Loan Amount will become immediately due and payable. If part of the Land is expropriated, all amounts you are paid for any expropriation, whether a complete or partial expropriation, will be paid to us and applied to the Loan Amount. If in our opinion the balance of the Land does not adequately secure the Loan Amount, then the Loan Amount or so much of it as we determine, will immediately become due and payable together with prepayment penalty, if any. You will direct the expropriating authorities to send all expropriation proceeds to us, but if you at any time come into control or possession of same, you will hold same in trust for us.

## **25. SUBDIVISION**

If you subdivide the Land, the Mortgage will continue to apply to each subdivided parcel, and each parcel will be subject to the Loan Amount owing. We may release one or more parcels without affecting your obligations under the Mortgage. Nothing in this paragraph 25 shall be taken by you (or anyone claiming under or through you) that we have given or may hereafter give our permission to subdivide the Land.

**26. CONDOMINIUM**

If the Land is a condominium unit registered under *The Condominium Act*, you agree to the promises set out in this paragraph 26.

**26.1 Compliance With *The Condominium Act* And Declaration**

You will comply with *The Condominium Act* and the declaration, by-laws, and rules of the condominium corporation (the "Corporation") of which you are a member.

**26.2 Common Expenses**

You will pay when due your share of the common expenses of the Corporation and all other levies made by the Corporation against the unit. If you do not, we can pay that amount for you and add it to the Loan Amount so that it will bear interest at the Interest Rate, be secured by the Mortgage and form a charge on the Land. We can also deduct any such expenses or levies from any advance which we may make which is to be secured under this Mortgage.

**26.3 Authorization To Vote**

You authorize us both before and after default to exercise any rights you have as owner to vote for, act on or consent to any matter relating to the condominium property or to the affairs of the Corporation. Provided that we will have no responsibility to you regarding our exercise (or non-exercise) of the rights granted to us in this paragraph, and if and when we do exercise such rights, we shall have no responsibility to do so in a manner for your benefit or which protects your interests.

**26.4 Insurance**

Unless the unit is a bare land Condominium Unit where the Corporation has no obligation to insure the units, in which case the insurance provisions set out in paragraph 14.7 shall apply, you or the Corporation of which you are a member by virtue of your title to the unit, or both of you, will at all times insure the unit and keep it insured with insurance in an amount of not less than one hundred percent (100%) of the full replacement cost of, with coverage against (at least) the perils of fire and standard extended coverage on, each and every building on the Land and which may hereafter be erected thereon, both during erection and thereafter. Each policy of insurance arranged by you shall provide that loss, if any, shall be payable to the Credit Union as its interest may appear and shall contain the standard mortgage clause approved by the Credit Union. You and the Corporation will deliver to the Credit Union, certificates of insurance or, if required by the Credit Union, certified copies of each such insurance policy, as soon as practicable after the placing of the required insurance. All such policies arranged by you shall contain an undertaking by the insurers to notify the Credit Union in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew, or termination thereof. If you fail to take out or to keep in force any such insurance, or should any such insurance not be approved by the Credit Union, and should you not rectify the situation within ten (10) days after written notice by the Credit Union to you, the Credit Union has the right, without assuming any obligation in connection therewith, to effect such insurance at your sole cost and expense. If the Credit Union is obligated to pay any premiums or sums of money for insurance for the premises or any part thereof the amount of such payment shall be added to the debt secured by the Mortgage and shall bear interest at the same rate applicable to principal as set out in the Mortgage from the time of such payments and shall be payable at the time appointed for the next ensuing paying of interest on the said debt. On the happening of any loss or damage, you or the Corporation or both shall comply fully with the terms of the policy, or policies, of insurance and, without limiting the generality of the foregoing, your obligation to observe and perform all the duties and obligations imposed on you by *The Condominium Act* and the Declaration and By-Laws of the Corporation as hereinafter provided. You shall comply with the insurance provisions of the Declaration; and you, as a member of the Corporation, shall seek the full compliance by the Corporation of the aforementioned covenants.

To the extent that you have assigned your voting rights in connection with any matter relating to (i) insurance, (ii) repair after damage or (iii) withdrawal from *The Condominium Act*, to us, such assignment shall take the place of any requirement that loss payable under the policy of insurance covering the units and the common elements be payable to us.

If a sprinkler system or a steam boiler or any other thing or apparatus generating steam or operated by steam shall be installed or operated on the land or in any building in which the whole or any part of the unit is situate, you or the Corporation or both of you shall insure and during the continuance of this Mortgage keep insured the buildings on the said land or any buildings in which the whole or any part of the unit is situate against loss or damage caused by such sprinkler system or by such boiler or other thing or apparatus or bursting or explosion thereof or defect therein to the full replacement value of such buildings.

**26.5 More Than One Condominium Unit**

If the Land comprises two or more condominium units registered under *The Condominium Act*, then you agree:

- (a) that the foregoing provisions of this paragraph 26 will apply to such units;
- (b) that your right to receive from us a statement of the debts secured by this security once every twelve months, or as needed for pay off or sale (pursuant to the provisions of *The Mortgage Act*) shall be deemed not to apply separately to each condominium unit;
- (c) that no sale of individual units will be permitted without our prior written consent;
- (d) that you will not invoke any provision now or in the future existing under *The Condominium Act* as from time to time amended, replaced or supplemented or under any other statute or law respecting pre-payment in whole or in part of the obligations secured by this security, the intent hereof being that this security shall continue to mortgage and charge each of the condominium units comprising the Land and that each of such units shall be subject to the payment, fulfillment and performance of all of the obligations hereby secured. If you or any other person or persons invokes any such provisions or any similar rights which has the effect of defeating or nullifying the purpose or intention of this provision, then, at our option, this shall constitute default under this security.

**26.6 Acknowledgment Of Mortgage**

You will cause each of the Corporation and the insurance trustee (if any) to acknowledge to us in writing, the existence of this Mortgage and our address for the provision of notices to us.

**26.7 Termination Of Condominium Status**

If a Notice of Withdrawal in respect of the condominium property is registered under *The Condominium Act* then such occurrence will be and be deemed to be an event or occurrence of default under this Mortgage.

**27. IMPROVEMENT TO LAND**

If you make any improvement to the Land (including any new construction, or any alteration, repair, addition, or demolition) we require you to submit any contracts, plans and specifications to us for approval before the work begins. You will not proceed with the work without our consent. You will complete the work as quickly as possible, in accordance with all government requirements and building standards, at your expense, and provide us with proof of payment and proof of compliance with such government requirements on request. You must withhold all required builder's lien holdbacks and you must also comply with all of your other obligations under *The Builders' Liens Act*. We may withhold any advances until we are satisfied that you have complied with your obligations to pay the cost of improvement and we may also withhold from any advance all such other amounts as we are entitled to withhold pursuant to any other agreement between us. We may obtain a court order removing any construction lien, and if necessary provide financial guarantees or other security to enable us to obtain such an order. All our costs of doing so will form part of Other Charges.

**28. RENEWAL, AMENDMENT, EXTENSION**

- (a) We may at any time agree with you in writing to renew the term of the Mortgage, to amend its terms, or to extend the time for payment. No such agreement will adversely affect the validity of the Mortgage or your liability under it, and any such agreement is binding even if it is not registered at the land titles office. However, we may require that any amendment be registered at the land titles office, and in that case, you will ensure that all consents or postponements required, in order to enable the amendment to be so registered, are properly given and obtained at your sole cost;
- (b) If we agree to renew the term of the Mortgage and send you a mortgage renewal agreement and you do not sign and return it to us by the date required, the Mortgage will, at our option, be renewed on the terms set out in the mortgage renewal agreement;

- (c) if we do not agree to renew the Mortgage or extend the time for payment or we have sent you a mortgage renewal agreement but you do not sign and return it to us by the date required and we have decided not to renew the term of the Mortgage you will be required to pay the Loan Amount on the date of maturity of the Mortgage, failing which we may, at our option, charge you interest at the prevailing rates at that time. If we accept any payments after maturity of this Mortgage, this will not, in the absence of an agreement to renew or otherwise amend this Mortgage, be treated by you or anyone else as meaning that we have agreed to extend the time for payment.

## 29. COVENANTOR

Each Covenantor promises and agrees as principal debtor to pay the Loan Amount secured by and payable under the Mortgage, as and when required by the Mortgage, and to fulfill all of the other obligations of the mortgagor under the Mortgage. This promise is a condition of the loan. No partial release of our security, and no agreement to renew, amend or extend the Mortgage and no other act or omission by us which, in the absence of this provision, would release any Covenantor in whole or in part, will reduce the liability of the Covenantor under the Mortgage. We may require payment from the Covenantor before having attempted to obtain payment from the Borrower. The obligations of the Covenantor are binding on the Covenantor's Successors, and are not altered by the bankruptcy or insolvency of the Borrower. Until all of the Borrower's obligations under this Mortgage have been paid and fulfilled, each Covenantor postpones and shall postpone all claims which each may have against the Borrower, and each Covenantor hereby assigns all of such claims, present and future, to the Credit Union. Without limiting the aforementioned obligations of each Covenantor, each Covenantor also agrees to indemnify the Credit Union with respect to any and all losses sustained by the Credit Union, which occur as a result of any default under this Mortgage.

Each Covenantor agrees that the Covenantor's obligations under it will continue and will not be affected in any way by any one or more of the following actions or events:

- (a) the closing of your account with the Credit Union;
- (b) the receipt of payments on account of your debts to the Credit Union;
- (c) the release of any security for the Covenantor's or your obligations;
- (d) the release of any other Covenantor;
- (e) the death or loss of capacity of you or the Covenantor;
- (f) the change of your name, or if you are a partnership, society or corporation, any change in your membership, ownership, internal structure or organization;
- (g) the bankruptcy of you or any other Covenantor;
- (h) our failure to take any steps to collect from you, to realize on any securities provided by you or to pursue collection from any trustee in bankruptcy of yours;
- (i) our failure, on a sale of any collateral pledged as security for your obligations, to realize enough proceeds to pay your obligations to us in full;
- (j) our failure to give notice to the Covenantor of any dealing between us and you or any dealing with any collateral pledged as security for the Covenantor's or your obligations;
- (k) any agreement between us and you to change or extend the terms of repayment of your debt to us or to add to, change or modify any collateral pledged as security for your debt;
- (l) any agreement or decision by us not to take steps to collect the monies owing from you or to take no action on any collateral pledged as security to us; or
- (m) a finding by a court that we may not be able to enforce payment of interest by you.

## 30. CORPORATE BORROWER

If you are a corporation, you agree that:

- (a) we may consider any change in the voting control of the corporation, without our prior written consent, to be a default; and
- (b) at our option, you will, annually within 90 days of the end of your fiscal year, provide us with audited financial statements of income and expenditures with supporting schedules, covering your operations for the previous fiscal year, or such other financial information or statements at such time or within such periods as we may in our discretion require.

## 31. ASSIGNMENT OF LEASES

If you have leased, or in future do lease any part of the Land, then you will, if you have not already done so, at our request assign to us each lease and/or the right to receive all money payable under it. You also agree to give us security on chattels, fixtures and equipment and pay our entire costs relating to such security as Other Charges. You agree to obtain our prior written consent for any future lease of part of the Land. Any leasing by you will be made in accordance with the requirements of applicable law, including, where applicable, *The Residential Tenancies Act* (Manitoba), and you will, at our request and at your expense, from time to time provide us with evidence of such compliance. You will ensure that any lease for a part of the Land is subordinate to our security, and if requested by us, you will, at your cost, ensure that each tenant undertakes to attorn tenant to us if and when we require this to be done. You will not further mortgage or assign any of the leases to any other person or persons. You will from time to time advise us as to the status of each lease and you will not amend the terms of any lease unless we consent to this in writing. You will not accept any prepayment of rent under any lease without our written consent. You will indemnify us against all claims which may be made against us by virtue of any breach by you of any of your obligations as landlord under any lease, and your obligations under this indemnification shall be secured by this Mortgage and this indemnification shall survive the discharge of this Mortgage.

## 32. RELEASE OF INFORMATION

You authorize us to release information about you or the Mortgage to any person claiming a builder's lien on the Land, a credit bureau, another credit grantor, or any other person as permitted or required by law. This authorization shall extend to all enquiries about you made at any time by a credit bureau or other lender, whether proposed or actual. The Credit Union may share information about you and this Mortgage to the extent required or desirable to induce other financial institutions to acquire an interest in this Mortgage, by way of purchase, syndication or otherwise, except in this event the Credit Union shall ensure that such other financial institution shall undertake to protect your private and confidential information.

## 33. EFFECT ON OTHER OBLIGATIONS AND SECURITY

This Mortgage is in addition to and not in substitution for any other security at any time held by us for all or any part of the Loan Amount secured by the Mortgage and it is agreed that we may pursue our remedies thereunder or under the Mortgage concurrently or successively at our option. Any judgment or recovery under the Mortgage or under any other security held by us for the Loan Amount secured by the Mortgage shall not affect our right to realize upon the Mortgage or any other security.

## 34. WHO IS BOUND

The Mortgage binds each Borrower and Covenantor and their respective Successors. It binds and benefits us and our Successors.

If more than one person has signed as Borrower or Covenantor, each person is jointly and severally liable to fulfill all of the obligations under the Mortgage.

## 35. NOTICE

You agree that we may provide notices to or communicate with you in writing, by mail or by personal delivery to you or by such other means as we may both agree. If you have provided to us an e-mail address or fax number, you agree that, to the extent allowed by law, we may use e-mail or facsimile transmission, as the case may be, as a means of communicating with you. We may use the latest postal, street or e-mail address or fax number that you have provided to us. You may change the postal, street or e-mail address or fax number at which you wish to receive communications from us by any written means, but until you have actually communicated such change to us by post, personal delivery, facsimile transmission or e-mail, we may continue to use the most recent postal, street or e-mail address or fax number that you have provided to us.

You may give notice to us by personal delivery to the manager of the branch office with which you deal, by prepaid ordinary or registered mail addressed to us at our address shown in the Mortgage Document, by e-mail or facsimile transmission.

Notice is deemed given on the date of personal delivery, e-mail or facsimile transmission, or on the fifth day after mailing. If there is a disruption in the mails, or a disruption occurs within five days after mailing, then no notice will be given by mail, and if one has already been given, it will be given again other than by way of mailing.

**36. TIME**

Time is of the essence.

**37. HEADINGS**

Headings are for convenience of reference only. They are not a part of the body of the Mortgage, and they do not affect the interpretation of the Mortgage.

**38. PARTIAL INVALIDITY**

If any term of the Mortgage should be found by a court to be invalid or illegal or unenforceable, that term does not apply but the rest of the Mortgage remains in full force and effect.

**39. GOVERNING LAW**

The Mortgage, and any matter arising from it, is governed by the law of the Province of Manitoba.

**40. CURRENCY AND PLACE**

All payments made under the Mortgage shall be made in Canadian dollars at the branch of the Credit Union at which you regularly deal, unless you are otherwise instructed in writing.

**41. MORTGAGE OF ESTATE**

For better securing to us the repayment of the Loan Amount secured by the Mortgage and the performance of all of your other obligations under the Mortgage and any Loan Documents at the times and in the manner provided in the Mortgage, you hereby mortgage to us all your estate and interest in the Land.

**42. NO RELEASE BY VIRTUE OF DEALINGS WITH SUCCESSORS**

To the extent not prohibited by applicable law, any dealing by us with your permitted Successors, including without limitation, any arrangement for amending any of the terms of this Mortgage or any Loan Documents (including, without limitation, any amendment increasing the interest rate), will not release you from your obligation to be responsible for payment and performance of the obligations of the Borrower as so amended under this Mortgage or any Loan Documents.

**43. CHANGE IN FAMILY STATUS**

You will advise us of any change in your family status, including marriage, divorce, the registration of a common-law relationship, the registration of a dissolution of a common-law relationship, the establishment by co-habitation of a common-law relationship and ceasing to cohabit with a common-law partner and if any such change occurs, we are entitled to require you and such other person or persons as we deem necessary to confirm or reconfirm in writing responsibility for payment and performance of the obligations of the Borrower under this Mortgage and any Loan Documents. If an order regarding a right of occupancy is made under *The Family Maintenance Act*, you will promptly advise us.

**44. CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)**

If CMHC is the mortgage default insurer of the Mortgage, this Mortgage is made under the *National Housing Act*.

**THE MORTGAGE ACT PROVIDES THAT YOU CAN OBTAIN FROM US, FREE OF CHARGE, A STATEMENT OF THE AMOUNTS SECURED BY THE MORTGAGE ONCE EVERY TWELVE MONTHS, OR AS NEEDED FOR SALE OR DISCHARGE.**