

ADDITIONAL TERMS AND COVENANTS

This set of additional terms and covenants is attached as Schedule A to Computershare Trust Company of Canada residential mortgages in Nova Scotia, Prince Edward Island and Newfoundland.

1. DEFINITIONS

In these Additional Terms and Covenants, **mortgage** means the Charge/Mortgage in form prescribed by statute or regulation that you sign or that you authorize in electronic format in which this set is referred to by its filing number, any schedules attached to it and this set of Additional Terms and Covenants.

Registered mortgage means such document as registered in the applicable land registry or land titles office. **You** and **your** mean each person who signs the mortgage as **chargor or mortgagor**. **We, our** and **us** means the person named as **chargee or mortgagee** in the registered mortgage. **Your property** means the land described in the registered mortgage, all buildings now or later on it and anything now or later attached or fixed to the buildings or the land, including additions, alterations and improvements.

Principal amount means the amount specified in the registered mortgage. **Loan amount** means the outstanding balance of all amounts (including interest and costs, if any) owing to us from time to time under the mortgage, as amended from time to time. Any reference to signing any document includes an electronic signature.

Any reference in this set of terms to information in the registered mortgage refers to a box or to an applicable part of the registered mortgage (including anything set out in a schedule or addenda thereto which deals with the subject matter of that box or part) and any reference to signing the mortgage means signing the registered document or a schedule to it or the authorization for electronic signing and registration of the mortgage. References to paragraphs refer to paragraphs of this set of Additional Terms and Covenants.

If this mortgage is a CMHC-insured mortgage, it is made pursuant to the **National Housing Act**.

2. WHAT THE MORTGAGE DOES

In return for our making a loan to you in the principal amount (which, by signing the mortgage, you acknowledge having received from us), you:

- i. If you are the owner of your property, charge your property to us and our successors and assigns (called our **legal representatives**);
or
- ii. If you are a tenant of your property under a lease, charge your interest in your property (including any option to purchase) to us and our legal representatives, for the entire term of the lease (except the last day of the term);

as security for repayment of the loan amount and the performance of all of your other obligations under the mortgage. This means you charge your entire interest in your property to us and to anyone to whom the mortgage is transferred in any way.

Termination of the mortgage:

Our interest in the property terminates when you have:

- Repaid the loan amount (including interest) as provided in the mortgage; and
- Complied with all of your other obligations under the mortgage.

3. INTEREST

A. Fixed Interest Rate (applicable to Fixed Interest Rate Mortgages only)

The interest rate payable by you on the loan amount is specified in the registered mortgage. Interest is payable at the frequency set out in the registered mortgage and calculated half-yearly not in advance. The first half-yearly calculation of interest after the interest adjustment date specified in the registered mortgage shall be for the six month period commencing on that date. That calculation shall be made six months after the interest adjustment date and half-yearly calculations of interest shall continue to be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date as well as both before and after default and judgment, until the loan amount has been paid in full.

B. Adjustable Interest Rate (applicable to Adjustable Rate Mortgages only)

The interest rate payable by you on the loan amount is specified in the registered mortgage and is an adjustable rate per annum equal to the Prime Rate plus or minus the amount stated in the mortgage. The interest rate will change automatically each time there is a change in the Prime Rate. The principal and interest payment will be recalculated every time the Prime Rate changes, based on the new interest rate and remaining amortization. Within a reasonable time after a change in the interest rate, we may mail to you, at your last known mailing address according to our records, a notice of the changed interest rate, its effective date, and the applicable change to the payment amount. The interest rate and payment amount will vary in accordance with this paragraph even if we fail to send this notice or you fail to receive it.

The interest rate on the mortgage is calculated monthly not in advance and payable at the frequency set out in the registered mortgage.

For the purposes of this mortgage, the term “Prime Rate” means the adjustable rate of interest per year declared from time to time by Canadiana Financial Corp. to be the prime rate for Canadian dollar mortgage loans in Canada and which it refers to as the “Canadiana Financial Prime Rate”. The Prime Rate in effect at any time is available by inquiry to us and at www.canadianafinancial.com.

C. Compound Interest

If on any regular mortgage payment date you do not make the payment due on that day, we will charge you interest on any overdue portion of the loan amount (including interest) until paid to us. This is called **compound interest**. Compound interest shall be paid on your loan payment dates. We will also charge interest, at the rate payable on the loan amount, on compound interest that is overdue until paid to us, both before and after the final payment date as well as both before and after default and judgment.

D. Progress Advance Construction Mortgage

An improvement means any alteration, addition or repair to any building on your property or any construction, erection or installation on your property. If the purpose of the mortgage is to finance an improvement via progress advances, the accrued interest on progress advances is calculated daily and payable monthly during the construction period, until the interest adjustment date specified in the registered mortgage. The interest rate charged during the construction period is specified in the additional provisions section of the registered mortgage. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. No additional progress advances will be made until any outstanding overdue interest is paid. Interest that has accrued but not yet been paid as of the interest adjustment date, will be deducted from the last substantial advance. Refer to section 19 for more information regarding Progress Advance Construction Mortgages.

4. HOW YOU WILL REPAY YOUR LOAN

A. Currency and Method of Payment

You shall pay the loan amount to us in Canadian dollars. Your regular mortgage payments and all other payments will be withdrawn from the bank account provided to us by you.

B. When you will make payments

The principal amount, together with interest calculated from the interest adjustment date, shall become due and be paid by you in regular mortgage payments. If the interest rate is a fixed rate, you will make your regular mortgage payments to us in equal installments in the amount specified in the registered mortgage. If the interest rate in the mortgage is an adjustable interest rate, you will make regular mortgage payments to us in the amount specified in the registered mortgage until the interest rate is adjusted and thereafter in the payment amount as varied from time to time as provided in paragraph 3B. Regular mortgage payments begin on the date specified, continue at the frequency specified and end on the date specified in the registered mortgage. Each date that you are required to make a regular mortgage payment is called a **Regular Mortgage Payment Date**. Each regular mortgage payment consists of a portion of the principal amount together with the interest due and payable on the regular mortgage payment date. You will pay the balance of the principal amount, together with all interest due and payable on it, on the balance due date specified in the registered mortgage.

C. Application of Mortgage Payments

Each regular mortgage payment will be used: **first**, to pay interest due and payable and **next**, to reduce the principal amount. However, if you are in default, we may apply your payment or any other money we receive from you, as we choose.

5. PAYING OFF A MORTGAGE BEFORE THE MATURITY DATE

You may pay off some, or the entire mortgage early only in the ways described below.

If we later agree to change or extend the terms of the mortgage, these prepayment provisions will not apply to the new or extended term.

For these prepayment privileges, a year means the 12 month period starting on the interest adjustment date and on each anniversary of the interest adjustment date.

A. Partial Prepayment

You may increase your payments, or pay off some of your mortgage early in the ways listed in the chart below. These options apply to partial prepayments only. The options are available each year of the term of the mortgage and cannot be saved to use in a later year. Partial prepayment options used in any combination may not exceed the 20% yearly prepayment maximum. You may not use any of these partial prepayment options if you are in default in payment or in performance of any of the other terms or conditions of the mortgage.

PARTIAL PREPAYMENT OPTIONS	
Options	Restrictions
1) Prepay up to 20% of the Principal Amount.	The request must be made at least 5 days before the next regularly scheduled payment date and must be made on the next regularly scheduled payment date. The minimum prepayable amount is \$1000 and cannot exceed the yearly maximum.
2) Increase the regular payment up to 20% of the principal and interest payment amount set out in the registered mortgage. Should your mortgage have interest only mortgage	Once each year of the term of your mortgage. The request must be made at least 5 days before the regularly scheduled payment date on

payments, this option is not available. Option 1 detailed above is permitted.	which the increase in the payment amount is to be in effect.
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After each partial payment, you must continue to make your regular mortgage payments.

B. Prepayment in Full

You may prepay the mortgage only upon:

- (i) *Fixed Interest Rate Mortgages – Term 5 years or less*
if you have a fixed interest rate on your mortgage and a term of 5 years or less, payment of a prepayment charge equal to the GREATER of the interest rate differential (IRD) or 3 months interest calculated on the outstanding loan amount;
- (ii) *Fixed Interest Rate Mortgages – Term more than 5 years*
if you have a fixed interest rate on your mortgage and a term greater than 5 years and
 - (a) prepayment occurs within the first 5 years of the term, payment of a prepayment charge equal to the GREATER of the interest rate differential (IRD) or 3 months interest calculated on the outstanding loan amount, and
 - (b) if prepayment occurs after the first 5 years of the term, payment of a prepayment charge of 3 months interest calculated on the outstanding loan amount; or,
- (iii) *Adjustable Interest Rate Mortgages*
if you have an adjustable rate on your mortgage, payment of a prepayment charge equal to 3 months interest calculated on the outstanding loan amount.

In this section IRD means the difference between the interest rate on the mortgage and the then current interest rate for a mortgage then offered by us for a term closest to the term remaining on the mortgage, as determined by us.

C. Portable Mortgage

If you have a firm agreement for the purchase of a new property then subject to our approval, you may without penalty transfer your existing loan amount to your new property or you may combine your existing loan amount with additional funds to purchase the property. You and the new property must be re-qualified and satisfy our underwriting guidelines. The new property must be in a province in which we are registered to conduct business. You will pay all legal cost to discharge the mortgage and to prepare and register the replacement mortgage on the new property and our servicing fee.

If you transfer your existing loan amount the terms and conditions of your mortgage will remain the same. If you combine your existing loan amount with additional funds, the interest rate on the mortgage will be

- (i) *Fixed Interest Rate*
if you have a fixed interest rate on the replacement mortgage, a blend of the rate that you were paying on the loan amount transferred and the rate applicable to the additional funds, as determined by us; or,
- (ii) *Adjustable Interest Rate*
if you have an adjustable interest rate on the replacement mortgage, the greater of the rate on the existing mortgage and the then prevailing adjustable interest rate, as determined by us.

If the port of the mortgage has been approved by us, the closing of the purchase of your new property may be up to 30 days after the sale of your property. On the closing of your property you must pay to us the loan amount and the applicable prepayment charge. The prepayment charge will be returned to you on the closing of the purchase of your new property and registration of the replacement mortgage, provided all our approval requirements have been adhered to.

D. Assumption of the Mortgage if your property is sold

- (i) If you transfer title, or agree to transfer title, to your property to anyone without first obtaining our written approval, we may require you to pay the loan amount together with the applicable prepayment charge immediately in full. If we accept any payment from any person who we have not first approved in writing, this does not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount immediately in full.
- (ii) You agree to give us sufficient information to enable us to decide whether we should give our written approval. Once we receive this information, we will make our decision as soon as possible. We will not unreasonably withhold our approval.
- (iii) For each request for approval of an assumption, there may be an administration and processing fee. You must pay us these fees immediately, whether or not we approve the assumption.
- (iv) We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if: (a) we give our written approval to you to transfer title to your property; (b) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and (c) you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons, and, if we request it, one or more assumption or guarantee agreements.

E. Match a Payment and Miss a Payment Option

You may match any regular payment on a regular mortgage payment date as long as the mortgage is not in default. Match a Payment means you have prepaid an amount equal to your regular mortgage payment and is subject to the yearly maximum partial prepayment amount. You may miss any regular payment as long as you have already matched a payment earlier in the term and your mortgage is not in default. Previous matched payments may not be used to miss a payment if this mortgage is assumed by a subsequent purchaser.

F. Convertibility

Provided you are not in default under the Mortgage, you may convert without payment of any prepayment charge as follows:

- (a) If the mortgage is for a six-month closed or six month open term, you may request us to extend the term and fix the interest rate for the mortgage for a term which we then offer which is 1 year or greater at our interest rate then in effect for mortgages for the term which you select; or
- (b) If the interest rate of the mortgage is an adjustable rate you may request us to fix the interest rate for the mortgage for a term at our interest rate then in effect for mortgages for a term which ends after the balance due date of the mortgage.

In each case you must give us your written request to convert or sign our conversion extension agreement at least ten days before the next regular payment date. The fixed interest rates that are in effect on the date we receive the written request or signed conversion extension agreement will apply to your mortgage. The amortization period of the mortgage may not be changed on a conversion.

G. Renewal

You will be sent a renewal offer in advance of the maturity date of your mortgage provided the mortgage is not in default and you are in good standing as determined by us. Renewals will be processed on the maturity date of the mortgage at the lower of the rate of the renewal offer or our published mortgage rate in effect at the maturity date. In the event we do not receive your signed renewal agreement 2 days prior to maturity, we will auto renew your mortgage to a 6 month open term at our rate for such mortgage. Such renewal will continue from time to time until we receive a completed renewal agreement from you.

In the event the mortgage is in default or we determine you not to be in good standing, you will receive notification of our intent to not renew your mortgage with us and that we require payment in full of the loan amount on the maturity date.

H. Cash Back

If you received a cash back amount or other incentive from us upon funding of the mortgage or the renewal of the mortgage by way of a cash payment, an allowance, a gift certificate or voucher or a discount on the interest rate calculated over the term of the mortgage or term of the renewal, you must on a prepayment in full, an early renewal or a conversion of the mortgage pay back to us in addition to any prepayment charge, a proportionate part of such cash back amount. The proportionate part is calculated by division of your cash back amount by the number of months in the term times the number of months remaining in the term (including the month in which the prepayment, early renewal or conversion is made).

6. YOUR TITLE TO YOUR PROPERTY

A. As Owner of Your Property, you certify that:

- i. You are the lawful owner of your property;
- ii. You have the right to give us the mortgage;
- iii. There are no encumbrances on the title to your property; and
- iv. There are no limitations or restrictions on your title to your property except building by-laws, zoning regulations and registered restrictions.

This paragraph A applies unless you have advised us and we have accepted in writing that you are a tenant of your property under a lease, in which case paragraph B applies.

B. If you Are a Tenant of Your Property

- i. You certify that:
 - a. The property is leased to you and your legal or personal representatives under a lease, a copy of which you have provided to us;
 - b. The lease is a binding and existing lease and all information you have provided to us concerning it is true;
 - c. All rents payable under the lease have been paid to the date you sign the mortgage;
 - d. You have permission or the right to assign and mortgage or charge the lease; and
 - e. Except as expressed in the lease, there are no limitations, restrictions or encumbrances on your interest under the lease other than building by-laws, zoning regulations and registered restrictions.
- ii. You promise:

- a. To pay the rent as it falls due;
 - b. To comply with all of the other terms of the lease and not to do anything that would cause the lease to be terminated;
 - c. Not to surrender the lease;
 - d. Not to make any change in the lease without first obtaining our written consent;
 - e. To give us a true copy of any notice or request you receive concerning the lease; and
 - f. To notify us immediately if your landlord advises you of early termination or takes any steps to effect early termination of the lease.
- iii. You hold the last day of the term of the lease for us and grant us the power to transfer or otherwise deal with such last day together with the lease.

C. You will not do anything that will interfere with our interest in your property.

D. In order to ensure that your entire interest in your property is charged to us you will sign any other documents or do anything further that we think is necessary.

7. RESTRICTIONS ON USE AND SALE OF YOUR PROPERTY

A. You will not make any additions, alterations or improvements to your property or use your property for any business purposes without our prior written consent. You may not use your property for any illegal purposes.

B. You will occupy the property as your and your family's principal residence and will only rent to others all or any part of your property in accordance with our prior written authorization. If we have authorized the rental of all or part of your property, you will do so for residential purposes only in a prudent businesslike manner at fair rents and in compliance with all applicable tenancy laws and regulations.

C. You will not sell or otherwise dispose of your property without our prior written approval.

D. You will not make another mortgage on your property and not use it as security for any other debt without our prior written approval.

8. WE ARE UNDER NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance the entire principal amount or any part of it to you then we do not have to do so, even though the mortgage is prepared, signed or registered, and whether or not any part of the principal amount has already been advanced. However, by signing the mortgage you charge all of your interest in your property to us. You will reimburse us, on demand, for all our expenses of investigating the title to your property and preparing and registering the mortgage.

9. TAXES

You will ensure property taxes are always paid on time to the respective municipality. At our option, we may decide to collect property taxes from you which we will then remit to the municipality. If we decide to collect property taxes from you, the following terms are applicable:

A. You will make **regular tax payments** to us on account of property taxes on each regular mortgage payment date. The amount of each regular tax payment will be based on our estimate of a year's taxes on your property next becoming due and payable and may change from time to time to reflect changes in the annual taxes on your property. The regular tax payments should enable us to pay all property taxes on or before their annual due date. Or, if your property taxes are payable in installments, the regular payments should enable us to pay the full year's installments of property taxes on or before the date on which the first installment is due.

B. If, however, the annual due date or the first installment date for the payment of your property taxes is less than one year from the interest adjustment date, you will pay us equal regular tax payments during that period and during the next 12 months. These equal tax payments will be based on our estimate of the total taxes payable for both periods so that we will receive enough money from you to pay all taxes for both of those periods.

C. You will also pay us, on demand, any amount by which the actual taxes on your property exceed our estimate of your taxes. Or, at our option, we may increase the regular payment to cover this amount.

D. We will pay your taxes from the regular payment we receive from you as long as you are not in default under the mortgage. We are not obliged to make tax payments on the dates they are due or more often than once a year. If you have not paid us enough for taxes, we may still pay the taxes. This will create a debit balance in your tax account. Any debit balance is immediately payable by you. We are under no obligation to advise you that a debit balance has been created. Debit balances are charged interest at the interest rate under the mortgage.

E. We will not pay you interest on any credit balance in your tax account.

F. If you fail to pay us any amount when it is due, we may apply the money in your tax account towards payment of such amount.

G. We can deduct from the total final advance of the principal amount enough money to pay all taxes due on or before the interest adjustment date and which have not been paid on the date the final advance is made.

H. You will immediately send us all assessment notices, tax bills or tax notices which you receive.

10. PAYMENTS WE CAN MAKE

We can pay off any liens, claims or encumbrances against your property which we consider to have priority over the mortgage. We can also pay all our expenses of collecting any payments not received from you when due. These expenses will include all our legal expenses on a solicitor and own client basis. You must immediately reimburse us for any amount so paid.

If we pay off any liens, claims or encumbrances against your property, we will be entitled to all the rights, equities and securities of the person, company, corporation or Government so paid off. We are authorized to retain any discharge which may be given for six months or more, if we consider it advisable to do so.

11. TRANSFER OF LEASES AND RENTS

A. If you have leased or, at a later date, lease all or part of your property to another person or persons, then you transfer and assign to us:

- i. All leases, lease agreements and their renewals;
- ii. All rents and other money payable under the terms of all leases and agreements. However, we may allow you to receive the rents so long as there is no default by you in making your payments to us or in complying with your other obligations to us under the mortgage; and
- iii. All rights under the leases and agreements as they affect your property.

B. In addition, you confirm that:

- i. You must obtain our prior written consent for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease);
- ii. Nothing we do under this paragraph 11 shall put us in possession of your property;
- iii. However, if you default under the mortgage, we have the right to take possession of your property; and
- iv. We are not obliged to collect any rent or other income from your property nor to comply with any term of any lease or agreement.

12. INSURANCE

You will without delay insure, and keep insured, in our favour and until the mortgage is discharged, all buildings covered by the mortgage (including those which will be built in the future both during construction and afterwards) against loss or damage by fire and other perils usually covered in fire insurance policies and against any other perils we request. Such insurance must be provided by a company approved by us for the replacement cost of the buildings (the maximum amount for which the buildings can be insured) in Canadian dollars. Your policy must be in form satisfactory to us and must include extended perils coverage and a mortgage clause stating that loss is payable to us. You shall, at our request, transfer to us all insurance policies and receipts you have on the buildings and any proceeds from that insurance.

If you do not:

- Maintain insurance on the buildings that, in our opinion, complies with this paragraph;
- Deliver a copy of any insurance policy or receipt to us at our request; or
- Provide us with evidence, at our request, of any renewal or replacement of the insurance, at least fifteen full days before your insurance expires or is terminated,

we can, but are not obliged to, insure any of the buildings. What we pay for this insurance shall be added to the amount you owe under this mortgage and shall bear interest at the mortgage interest rate. You will pay this amount with your next monthly payment. If any loss or damage occurs, you will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. The production of this mortgage will be sufficient authority for an insurance company to pay us any loss related to the insurance policy or to accept instructions from us dealing with the loss.

Insurance proceeds may, in whole or in part, at our option, be:

- a) Applied to rebuild or repair the damaged buildings;
- b) Paid to you;
- c) Paid to any other person who owns or did own the property, as established by the registered title; or
- d) Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

This paragraph 12 does not apply (and paragraph 22E does apply) if your property is a condominium unit.

13. KEEPING YOUR PROPERTY IN GOOD CONDITION

You shall keep your property in good condition and make any repairs needed. You shall not do anything, or let anyone else do anything, that lowers the value of your property. We can inspect your property at any reasonable time. If, in our opinion, you:

- Do not keep your property in good condition; or
- Do or allow anything to be done that lowers the value of your property;

we can make any repairs or do any other thing we think are advisable. The costs of any inspections and any repairs or actions we make are immediately payable by you.

14. ENVIRONMENTAL PROVISIONS

We (including, in this section, Canada Mortgage and Housing Corporation or other mortgage insurer) may inspect your property and the buildings on it when we consider it appropriate. We may do this for any purpose but particularly to conduct environmental testing, site assessments, investigations or studies which we consider necessary. The costs of any testing, assessment or study will be payable by you and you will pay us the costs immediately after we give you notice of them. If you do not pay us when we request it, we can add the amounts to the outstanding balance under your mortgage and they will bear interest at your mortgage interest rate. If we do the things permitted under this section, we will not be considered to be in control of your property.

15. REPAYMENT OF LOAN AMOUNT ACCELERATED

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

- a) You default in making any regular mortgage payment, or any other payment you are obliged to make to us under the mortgage.
- b) You fail to comply with any of your other obligations under the mortgage.
- c) Any lien is registered against your property or we receive written notice of any lien that is created as a result of unpaid property taxes, utilities, unpaid condominium maintenance fees, judgements or construction liens or other similar encumbrances.
- d) Your property is abandoned.
- e) Any buildings being erected or additions, alterations or improvements done on your property remain unfinished without work being done on them for 15 consecutive days.
- f) Your property is used for any illegal purposes.
- g) You sell or otherwise dispose of your property or mortgage your property to a person not approved in writing by us.

If the loan amount so declared due and payable is paid prior to the balance due date, you agree to compensate us by payment of a prepayment charge equal to three months interest at the interest rate of the mortgage. Where default continues to or is made after the balance due date, the outstanding amount may only be paid upon payment of three months interest on the loan amount or three months written notice in lieu thereof. You further agree that we may recover such prepayment charge from the proceeds of any sale of your property or other proceedings for enforcement of the mortgage.

16. APPOINTING A RECEIVER TO RECEIVE INCOME

If you default in making any regular monthly loan payment or any other payment which you have agreed to make to us, or in complying with any of your other obligations under the mortgage, we can, in writing, appoint a receiver (which includes a receiver and manager) to collect any income from your property. We can also, in writing, appoint a new receiver in place of any receiver appointed by us. The receiver is considered to be your agent and not ours and his defaults are considered to be solely your defaults.

The receiver has the right to:

- Use any available remedy (taken in your name or our name) to collect the income from your property;
- Take possession of your property or part of it; and
- Manage your property and maintain it in good condition.

From the income collected the receiver may:

- a) Retain a commission of 5% of the total money received or any higher rate permitted by a judge or other authorized officer.
- b) Retain enough money to pay disbursements spent on collecting the income.
- c) Pay all taxes, fire insurance premiums, expenses of keeping your property in good condition, interest on those payments and all other charges that have priority over the mortgage and interest on those charges.
- d) Pay us all interest that is due and payable under the mortgage and then pay us all or part of any other amount payable under the mortgage, whether it is due or not.

Nothing done by the receiver puts us in possession of your property or makes us accountable for any money except for money actually received by us.

17. ENFORCING OUR RIGHTS

A. Remedies on Default

If you default in making any regular monthly loan payment or any other payment that you are obliged to make to us or in performing any other obligation under the mortgage or you become bankrupt or you abandon or leave the property unoccupied, we may do any one or more of the following in any order:

- i. Sue you — We may take such action as is necessary to obtain payment of all or any part of the loan amount.
- ii. Foreclose — We may commence court proceedings to foreclose your right, title and equity of redemption to all or part of your property. If we obtain a final order of foreclosure, your property will by law become our property.

- iii. Court sale -- We may also ask the court to order the sale of your property. If the court makes such an order, it will supervise the sale proceedings. The net proceeds of the sale will be applied to reduce the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
- iv. Power of sale — If default has continued for 15 days, we can on 35 days' notice to you:
 - a. Sell all or part of your property (for cash or on credit, or partly for cash and partly on credit) by private sale or public auction for the price and on whatever terms we can negotiate;
 - b. Lease it on such terms and for whatever period we may decide upon.Notice shall be given to you and to such other persons in the manner and as required by law at the time it is given.

We may apply the net proceeds of the sale or lease to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale or lease of your property is less than the loan amount, you must pay us the difference.
- v. Possession -- We can enter on your property at any time, without the permission of any person, and make all arrangements that we consider advisable to:
 - Inspect, lease, collect rents or manage your property;
 - Repair or put in order any building on your property;
 - Complete the construction of any building on your property.We can also take whatever action is necessary to recover and keep possession of your property. If we take possession, we are not responsible for preserving your property and will account only for any money we actually receive from the property.
- vi. Other action – we can take any other remedy available to us under applicable law.

B. You will not interfere — You will not interfere with our possession of your property (if we go into possession of your property in enforcing our above rights) or with the possession of any receiver we appoint nor with the possession of anyone to whom your property is sold or leased by us or any receiver. You agree not to make any claim concerning the sale or lease of your property against anyone who buys or leases it from us or any receiver, or anyone who buys or leases it after that time.

C. Our expenses — You will immediately pay all our expenses of enforcing our rights. Our expenses include our costs of taking or keeping possession of your property, an allowance for the time and services of our employees and of the company servicing the mortgage who are utilized in so doing, our legal fees and disbursements on a full indemnification basis and all other costs related to protecting our interest under the mortgage.

D. Judgements — If we obtain a court judgement against you for your failure to comply with any of your obligations to us under the mortgage, the judgement will not result in a merger of the terms of the judgement with our other remedies or rights to enforce your other obligations under the mortgage. We will continue to be entitled to receive interest on the loan amount at the rate payable on the loan amount and at the same times as provided for in the mortgage. The rate of interest payable on any judgment shall be calculated and payable in the same way as interest is calculated under the mortgage and at the same rate that interest is payable on the loan amount until the judgment has been paid in full.

18. DELAY IN ENFORCEMENT OF OUR RIGHTS

No delay or extension of time granted by us to you or any other person in exercising the enforcement of any of our rights under the mortgage nor any agreement referred to in paragraph 21 shall affect our rights to:

- a. Receive all payments you are obliged to make to us, when they are due and payable.
- b. Demand that you repay the loan amount and all interest which is due and payable, on any default by you.
- c. Have you comply with all of your obligations to us under the mortgage.
- d. Have any other person comply with the obligations that person has to us under the mortgage.

19. PROGRESS ADVANCE CONSTRUCTION MORTGAGE TERMS

An improvement means any alteration, addition or repair to any building on your property or any construction, erection or installation on your property. If the purpose of the mortgage is to finance an improvement via progress advances, you must so inform us in writing immediately and before any advances are made under the mortgage. You must also provide us immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. You agree that any improvement shall be made only according to contracts, plans and specifications approved in writing by us in advance. You must complete all such buildings or improvements as quickly as possible and provide us with proof of payment of all contracts from time to time as we require. We will make advances (part payments of the principal amount) to you based on the progress of the improvement, until either completion and occupation or sale of your property. We will determine whether or not any advances will be made and when they will be made. Whatever the purpose of the mortgage may be, we may in our sole and absolute discretion hold back funds from advances until we are satisfied that you have complied with the holdback provisions of the Construction Lien Act as amended or re-enacted. You authorize us to provide information about the mortgage to any person claiming a construction lien on your property.

20. RELEASING YOUR PROPERTY FROM THE MORTGAGE

We may establish the terms for releasing our interest in all or part of your property (that is, we may discharge, or partially discharge, your property) from the mortgage whether we receive value for our release or not. If we release part of your property from the mortgage at any time, the rest of your property will continue to secure the loan amount. We are only accountable for money actually received by us.

If your property is subdivided before our interest in your property comes to an end, the mortgage will be secured by each part into which your property is subdivided. This means that each part will secure repayment of the total amount you owe us, even if we release another part of your property from the mortgage.

We can release you, any guarantor, or any other person from performing any obligation contained in the mortgage or any other security document, without releasing any part of your property secured by the mortgage or any other security, and any such release shall not release any other person from the obligations in the mortgage.

21. RENEWING OR OTHERWISE AMENDING THE MORTGAGE

We may from time to time enter into one or more written agreements with you (or with any one to whom your property is transferred) to amend the mortgage by extending the time for payment, renewing it or its term for further periods of time, changing the interest rate payable under the mortgage or otherwise altering the provisions of the mortgage. Whether or not there are any encumbrances on your property in addition to the mortgage at the time the agreement is entered into, it will not be necessary to register the agreement on title in order to retain priority for the mortgage, as amended, over any instrument registered after the mortgage. Any reference in this set of Additional Terms and Covenants to the mortgage means the mortgage as amended by any such agreement or agreements.

You or any person liable in any manner for payment or performance of any other terms of the mortgage will not be released and will continue fully liable with or without notice, consent or agreement to any such renewal, extension or amendment.

22. CONDOMINIUM/STRATA LOT PROVISIONS

If your property is a condominium unit or strata lot, you are also to comply with the provisions in this paragraph 22 in addition to all of the other provisions of the mortgage (except paragraph 12). In this section, condominium also means strata, condominium unit or unit also means strata lot and condominium corporation also means strata corporation.

In this paragraph 22, the Condominium Act, the Strata Property Act or similar legislation governing condominium property in the province in which your property is located, each as amended or re-enacted, is called the **Act**. Expressions used below which are the same as those in the Act have the same meaning as those in the Act, except that the expression **condominium property** has the same meaning as the word "property" in the Act.

A. You will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the **corporation**) relating to your property and provide us with proof of your compliance from time to time as we may request.

B. You will pay the common expenses for your property to the corporation on the due dates. Or, if we exercise our right to collect your contribution towards the common expenses from you, you will pay the same to us upon being so notified. We can accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due.

C. You will forward to us any notices, assessments, by-laws, rules and financial statements of the corporation you receive (or are entitled to receive) from the corporation.

D. You will maintain all improvements made to your unit and repair them after damage.

E. Insurance — In addition to the insurance which the corporation must obtain, you must:

- i. Insure all improvements which you or previous owners have made to your unit;
- ii. Obtain insurance for those additional risks that we require;
- iii. Insure your common or other interest in buildings (whether presently existing or built in the future, both during construction and afterwards) which are part of the condominium property or assets of the corporation if the corporation fails to insure the buildings or assets as required or if we require you to do so;
- iv. Assign your insurance policies to us and (as far as permitted by law) your interest in the policies held by the corporation.
- v. Provide us with proof that the required insurance is in force, as well as evidence of any renewal or replacement of the insurance, within fifteen days before the insurance expires or is terminated.
- vi. Do all that is necessary to collect insurance proceeds.

Each of your insurance policies (and those of the corporation) must comply with the following:

- Your property must be covered against destruction or damage by fire and other perils usually covered in fire insurance policies and against any other perils we require for its full replacement cost (the maximum amount for which it can be insured) in Canadian dollars;
- The insurance company and the terms of the policy must be satisfactory to us.

If you fail to insure your property as required in this paragraph 22, we can, but are not obliged to, obtain any insurance which you are required to obtain. What we pay for this insurance will immediately become payable by you to us. If any loss or damage occurs, you, on behalf of the condominium corporation and yourself, will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. You will seek to ensure the full compliance by the condominium corporation with its duties and obligations under the **Condominium Act** and the Declaration and By-Laws of the condominium corporation.

To the extent permitted by law, insurance proceeds may, in whole or in part, at our option be:

- a. Applied to rebuild or repair the damage to your property;
- b. Paid to you;
- c. Paid to any other person who owns or did own the property, as established by the registered title; or
- d. Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

F. You must pay certain other expenses — In addition to our other rights and remedies contained in the mortgage, you will pay us immediately all our expenses in relation to:

- Any by-law, resolution, rule or other matter (other than one for which only a vote of the majority present at the meeting is required);
- The enforcement of our right to have the corporation or any owner comply with the Act, declaration, bylaws and rules; and
- Our exercising any voting rights we may have.

Where our expenses relate to other units as well as to your property, the amount you are required to pay will only be the expenses related to your property as we determine.

G. Voting and other rights — You authorize us to exercise your rights under the Act to vote, consent and dissent. You also authorize us to exercise your rights to:

- Demand the corporation purchase your unit and common interest, where provided under the Act;
- Elect to have the value of your unit and common interest or that of the condominium property determined by arbitration;
- Receive your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements.

If we do not exercise your rights, you may do so according to any instructions we may give you. Before making such a demand or election you must obtain our prior written approval. You must do this even if we do not have the right to make the demand or election as between ourselves and the corporation, and even if we had previously arranged for you to exercise that right.

However, in the province of Nova Scotia, we may exercise these rights only during such time or times we are mortgagee in possession of the property.

Nothing done under this paragraph 22 puts us in possession of your property. We are not liable for any action we may take in doing what you have authorized us to do or for any failure to act. We may at any time revoke any arrangement we make for you to do anything you have authorized us to do.

H. Our additional rights under the mortgage — You authorize us to do the following:

- i. Inspect your property at any reasonable time.
- ii. Do any needed maintenance or repairs after damage.
- iii. Inspect the corporation's records
- iv. Remedy any failure of yours to comply with the Act or the declaration, by-laws and rules of the corporation.

I. Repayment of the loan amount may be accelerated — The loan amount will become payable immediately, at our option, if:

- i. The corporation fails to comply with the Act and the declaration, by laws and rules of the corporation;
- ii. The corporation fails to:
 - insure all the condominium units and common elements according to law and according to any additional requirements of ours;
 - insure its assets if we so require and according to our requirements;
 - provide us with proof that the insurance is in force, if we ask for it; or
 - do all that is necessary to collect insurance proceeds;
- iii. The corporation does not, in our opinion, manage the condominium property and assets in a careful way;
- iv. The corporation fails to keep the corporation's assets in good repair and working order;
- v. The corporation makes any substantial modification to the common elements or the corporation's assets without our approval;
- vi. There has been substantial damage and the owners have voted for termination of the condominium;

- vii. A sale of the condominium property or any part of the common elements is authorized.
- viii. A court makes an order that the government of the condominium property by the Act be terminated; or
- ix. The condominium property ceases to be governed by the Act.

Our rights will not be affected by the fact that we voted for or consented to such termination, sale or order or to the condominium property not being governed by the Act.

J. Termination of the corporation — If your property ceases to be governed by the Act:

- All the terms of the mortgage continue to apply;
- You authorize us to agree with anyone to a partition of the condominium property. We can pay or receive money to ensure that the partition is equal and you will reimburse us, immediately, for any money we have paid. We can also execute all documents and do all acts needed to carry out the partition;
- Your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements shall be paid to us (unless we notify you to the contrary in writing) and you will do all things necessary to accomplish this; and
- Any money received by us (after payment of all our expenses) may be applied to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you.

23. DISCHARGE

When our interest in your property comes to an end, we will provide, at our sole discretion, either a full discharge of our claim (which is called a Discharge of Charge/Mortgage) or a written confirmation that our claim has been discharged (which is called a Notification of Discharge). You will give us a reasonable time in which to prepare such documents and you will pay our usual administrative fee for preparing, reviewing, signing or registering the discharge document and all legal and other expenses we incur in so doing. In the event we provide you with a Discharge of Charge/Mortgage, you will be responsible for registering the documentation and for all costs relating to such registration.

When our interest in your property comes to an end and you request that we assign your mortgage we will prepare an assignment to the mortgage for you. You will give us a reasonable time in which to prepare and sign the assignment and you will pay our usual administrative fee for preparing, reviewing and signing the documentation and all legal and other expenses we incur in so doing. You will be responsible for registering the documentation and for all costs relating to such registration. However, we will not assign the mortgage on your direction and will only deliver a discharge of the mortgage where we are or have been in possession of the property upon default under the mortgage.

24. HEADINGS

Headings form no part of the mortgage. They are used so that parts of the mortgage can easily be referred to.

25. WHO IS BOUND BY THE MORTGAGE

You agree to observe and be bound by all of the terms and obligations contained in the mortgage. The mortgage will also be binding on your heirs, personal and legal representatives, successors or assigns, our successors, assigns or legal representatives and anyone else to whom your property is transferred. As well, the mortgage will be binding on anyone to whom it is transferred by us. All persons who sign the mortgage as chargors are collectively and individually (that is, jointly and severally) bound to comply with all obligations under the mortgage.

26. STATUTORY COVENANTS EXCLUDED

The covenants implied or incorporated into a mortgage by statute in the province where your property is located are, to the extent permitted by statute, excluded or overridden by the terms of this mortgage.

27. GUARANTEE

In this paragraph 27, **guarantor** means each person who signs the mortgage as guarantor. **Chargor** means the person or persons who sign the mortgage as chargor and **property** means the property charged by the mortgage.

In return for us making a loan to the chargor, the guarantor, by signing the mortgage, guarantees the chargor's payments (including interest, whether or not the interest rate is changed), and compliance with the chargor's other obligations, under the mortgage. Each guarantor agrees that, if the chargor defaults in making any payment or in performing any other obligation under the mortgage, the guarantor will pay us all of the unpaid payments and comply with all of the obligations which have not been complied with by the chargor. Each guarantor will be collectively and individually (that is, jointly and severally) responsible with the chargor and with one another (if more than one) for all obligations under the mortgage.

It is understood that we can without lessening the guarantor's liability and without obtaining the consent of or giving notice to the guarantor:

- Grant any extensions of time for payment and extensions of the term of the mortgage, including any renewals of the mortgage or its term for further periods of time;
- Increase the rate of interest payable under the mortgage, either during the initial term or in any subsequent renewal period;

- Release the whole or any part of the property from the mortgage or any other security;
- Otherwise deal with the chargor, any other person (including any guarantor), any security (including the mortgage) or the property, including releasing, realizing on or replacing any security we may hold;
- Waive any provision of the mortgage or change any of the terms of the mortgage at any time during the initial term of the mortgage or in any subsequent renewal period;

either before or after requiring payment from any person without affecting the guarantee. We may require payment from any guarantor without first trying to collect from the chargor or any other person (including any guarantor) or on any security (including the mortgage). Each guarantor's obligations shall be binding upon the guarantor's successors or personal representatives.

28. FEES AND EXPENSES

A. Servicing Fees.

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

- (a) administering the account for the collection and payment of taxes, an annual fee;
- (b) dealing with each late or missed payment and for replacement of each cheque or other instrument not honoured when presented for payment, or any preauthorized payment which does not clear as scheduled,
- (c) preparing each information, arrears, reinstatement, discharge or other mortgage statement, whether provided to you, our agents or solicitors or any other interested person,
- (d) processing each application to obtain our consent to assume the mortgage or our approval or consent for any other matter required by the mortgage whether or not approval or consent is provided or the matter is completed,
- (e) processing each extension, port, renewal, payment frequency change, restructuring or other amendment of the mortgage, whether or not completed,
- (f) investigating status of any insurance, administering insurance cancellations and paying insurance premiums and dealing with insurance claims,
- (g) providing a copy or duplicate of documents from our file or an amortization schedule, a payment history, tax account history, audit verification and other services of a clerical nature including retrieval, copying, transmission and other charges,
- (h) investigating status of realty tax payments and administering tax payments,
- (i) registering a financing statement or financing change statement or issuing or receiving any notice or information, security status or acknowledgement request and conducting any required searches,
- (j) registering electronically or otherwise or executing and delivering any discharge of this mortgage (notwithstanding that the discharge may have been prepared by you or other person on your behalf),
- (k) generally, any matter connected with the proper administration of the mortgage and property including inquiring into compliance, dealing with or enforcing any obligation contained in the mortgage and including, without limitation, with respect to taxes, condominium fees and matters, insurance, repair and construction, environmental matters, leases and other encumbrances, managing or selling the property.

Our servicing fees shall be the amounts established, disclosed and generally applied by us from time to time and may be ascertained upon inquiry to us.

B. Costs.

You agree to pay us all amounts we expend and costs we incur in any manner in connection with this mortgage including, without limitation, expenses in relation to:

- (a) collecting payments under and enforcing and realizing the security of this mortgage;
- (b) defending or otherwise dealing with any action or proceeding in which we by reason of the mortgage may be a party or otherwise interested including without limitation any construction lien or similar matter, any seizure or prosecution by police or other authority, any foreclosure, sale, redemption, assessment or other action or proceeding by any other encumbrancer or any certificate of pending litigation or other title matter;
- (c) performing or complying with any of your obligations under this mortgage including, without restriction, those relating to insurance, condominium, repair and construction, leases, taxes, prior encumbrances and environmental matters.

All legal costs incurred by us in dealing with compliance with any term and in enforcement of the mortgage shall be paid by you in full (including legal fees for any court proceeding on a substantial indemnity basis).

C. Interest and Security for Fees and Costs.

All the above described fees and costs, allowances and expenses shall be secured by this mortgage, shall bear interest at the interest rate of the mortgage from the date incurred or calculated by us and shall be payable by you forthwith on demand.

29. SECURITIZATION

We may, at our option, sell, assign or encumber your mortgage to one or more third party(ies) without notice to you, any guarantor or any spouse signing your mortgage and without requiring any consent. If we do so, you agree that your mortgage shall continue to secure all amounts owing under your mortgage. Once sold or assigned, your mortgage may be repurchased by us, whether or not it is in default. You and each guarantor and spouse executing the mortgage hereby authorize and consent to us or any other person having an interest in the mortgage from time to time and their or our respective agents and

advisors including any party retained to service the mortgage, releasing, disclosing and assigning any personal or other information (including financial information) with respect to you, any guarantor and your spouse, the mortgage loan and your property, regardless of the scope of distribution and to any such other person as may be required to complete, administer, realize, assign, securitize or otherwise deal with your mortgage from time to time.

30. U.S.A. RESIDENTS

If you are or become a resident of the United States of America for tax purposes and we are subject to a tax payable to the government of the U.S.A. on the interest we receive through your payments, the interest rate on the loan amount will be increased by multiplying by a factor of 1.1111 to offset our obligations in that regard. This factor may change any time if the government of the U.S.A. makes a change in the amount of tax to be paid.

31. EQUIVALENT INTEREST RATES

If the Interest Rate specified in your Mortgage is Adjustable (section 3(B)), then the compounding frequency is monthly, not in advance. You may determine the equivalent interest rate compounded semi-annually not in advance by referring to the table below:

Rate Compounded Monthly	Rate Compounded Semi-Annually	Rate Compounded Monthly	Rate Compounded Semi-Annually	Rate Compounded Monthly	Rate Compounded Semi-Annually
1.000	1.00250	6.000	6.09000	11.000	11.30250
1.125	1.12816	6.125	6.21879	11.125	11.43441
1.250	1.25391	6.250	6.34766	11.250	11.56641
1.375	1.37973	6.375	6.47660	11.375	11.69848
1.500	1.50563	6.500	6.60562	11.500	11.83063
1.625	1.63160	6.625	6.73473	11.625	11.96285
1.750	1.75766	6.750	6.86391	11.750	12.09516
1.875	1.88379	6.875	6.99316	11.875	12.22754
2.000	2.01000	7.000	7.12250	12.000	12.36000
2.125	2.13629	7.125	7.25191	12.125	12.49254
2.250	2.26266	7.250	7.38141	12.250	12.62516
2.375	2.38910	7.375	7.51098	12.375	12.75785
2.500	2.51563	7.500	7.64063	12.500	12.89063
2.625	2.64223	7.625	7.77035	12.625	13.02348
2.750	2.76891	7.750	7.90016	12.750	13.15641
2.875	2.89566	7.875	8.03004	12.875	13.28941
3.000	3.02250	8.000	8.16000	13.000	13.42250
3.125	3.14941	8.125	8.29004	13.125	13.55566
3.250	3.27641	8.250	8.42016	13.250	13.68891
3.375	3.40348	8.375	8.55035	13.375	13.82223
3.500	3.53063	8.500	8.68063	13.500	13.95563
3.625	3.65785	8.625	8.81098	13.625	14.08910
3.750	3.78516	8.750	8.94141	13.750	14.22266
3.875	3.91254	8.875	9.07191	13.875	14.35629
4.000	4.04000	9.000	9.20250	14.000	14.49000
4.125	4.16754	9.125	9.33316	14.125	14.62379
4.250	4.29516	9.250	9.46391	14.250	14.75766
4.375	4.42285	9.375	9.59473	14.375	14.89160
4.500	4.55062	9.500	9.72563	14.500	15.02563
4.625	4.67848	9.625	9.85660	14.625	15.15973
4.750	4.80641	9.750	9.98766	14.750	15.29391
4.875	4.93441	9.875	10.11879	14.875	15.42816
5.000	5.06250	10.000	10.25000	15.000	15.56250
5.125	5.19066	10.125	10.38129	15.125	15.69691
5.250	5.31891	10.250	10.51266	15.250	15.83141
5.375	5.44723	10.375	10.64410	15.375	15.96598
5.500	5.57563	10.500	10.77563	15.500	16.10063
5.625	5.70410	10.625	10.90723	15.625	16.23535
5.750	5.83266	10.750	11.03891	15.750	16.37016
5.875	5.96129	10.875	11.17066	15.875	16.50504