

FORM 16  
APPLICATION FOR OPTIONAL MORTGAGE COVENANT

*Land Titles Act, S.N.B. 1981, c.L-1.1, s.25*

Applicant : PARADIGM QUEST INC.  
111 Richmond Street West, Suite 900  
Toronto, ON  
M5H 2G4

Optional Mortgage Covenant : See attached schedule

The Applicant applies for the assignment of a number to the specified optional mortgage covenant.

Date : December 17, 2007

Applicant : PARADIGM QUEST INC.  
By its agent



Per : Deborah M. Power

Number assigned to the specified optional mortgage covenant : Cox Pa1-1562

ya: *Manana M. Rob: Chaud*  
Deputy Registrar General of Land Titles  
*Maureen Whelby Jell*

## **ADDITIONAL TERMS AND COVENANTS**

### **Retail Collateral Mortgage**

#### **1. DEFINITIONS**

**Mortgage** means the Charge/Mortgage in form prescribed by statute or regulation that you sign or that you authorize in electronic format in which these Additional Terms and Covenants are referred to by their 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** mean or other person named as **chargee or mortgagee** in the registered mortgage; **property** means the land described in the registered mortgage; **Obligations Secured** means all debts and liabilities described under the heading **Obligations Secured**. **Agreements** means all of the contracts, agreements, promissory notes, bills, notices or other documents which govern or relate to the Obligations Secured and all renewals, replacements and substitutions of them.

Any reference in this set of terms to information in the registered mortgage refers to a box in 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 these Additional Terms and Covenants.

#### **2. DESCRIPTION OF PROPERTY COVERED**

Any buildings now or later on the property and any other property that is at any time attached or fixed to the land, including additions, alterations and improvements to the buildings are covered by this Mortgage.

#### **3. OBLIGATIONS SECURED**

The debts and liabilities secured by this Mortgage are all debts and liabilities, present or future, absolute or contingent, matured or not, at any time owing by you to us or remaining unpaid by you to us, either arising from dealings between you and us or from any other dealings or proceedings by which we may be or become in any manner whatever your creditor, and wherever incurred and whether incurred by you alone or with another or others and whether as principal or surety.

You agree to pay in accordance with the Agreements and this Mortgage all amounts including but not limited to all costs and other amounts due to us under this Mortgage or under any of the Agreements, and all interest, including compound interest, accruing on the Obligations Secured from time to time. These amounts are secured by this Mortgage and form part of the Obligations Secured.

#### **4. WHAT THE MORTGAGE DOES**

By signing this Mortgage, you charge your entire interest in the property to us, and to anyone to whom the Mortgage is transferred in any way, as security for the payment to us, on demand, of the Obligations Secured up to the principal amount in the registered mortgage. The preceding sentence does not include the final day of any lease. The Mortgage secures a current or running account. The Mortgage is not satisfied or discharged by any intermediate payment of all or part of the Obligations Secured but remains a continuing security for payment of the Obligations Secured, notwithstanding any change in the amount, nature or form of the Obligations Secured or any renewal, extension, amendment or replacement of the Agreements.

Our charge upon your interest in the property subject to the Mortgage will end when:

- i. You have repaid the Obligations Secured including all amounts to which we may become entitled under the Mortgage, and
- ii. You have done everything else you have promised to do in the Agreements and the Mortgage, and
- iii. We have signed and delivered to you a Discharge of the Mortgage.

You may remain in possession of the property as long as you are not in default under any of the Agreements and as long as you meet all your other obligations to us under the Mortgage.

#### **5. NO OBLIGATION TO ADVANCE**

We have no obligation to advance funds to you or permit you to incur secured obligations, even though the Mortgage is prepared, signed or registered, and whether or not any amounts have already been advanced or other Secure Obligation incurred. However, by signing the Mortgage you charge all of your interest in the property to us. You will reimburse us, on demand, for all our expenses incurred in investigating the title to the property and preparing and registering the Mortgage.

#### **6. YOUR TITLE TO THE PROPERTY**

As owner of the property, you certify that, as of the date of this Mortgage and at each subsequent advance of the Obligations Secured:

- i. You are the lawful owner of the property;
- ii. There are no encumbrances on the title to the property other than those disclosed on the registered title to the property; and
- iii. There are no limitations or restrictions on your title to the property except building by-laws, zoning regulations and registered restrictions which have been complied with.

If you are a tenant of the property, you certify that, as of the date of this Mortgage and at each subsequent advance of the Obligations Secured:

- i. The property is leased to you and your legal or personal representatives under a lease, a copy of which you have provided to us;
- ii. The lease is a binding and existing lease and all information you have provided to us concerning it is true;
- iii. All rents payable and other amounts due under the lease have been paid to the date you sign the Mortgage;
- iv. You have permission or the right to assign and mortgage or charge the lease; and
- v. 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 which have been complied with.

You promise not to do anything that will interfere with our charge upon your interest in the property and you agree to sign any documents which we think are necessary to charge to us your interest in the property.

You agree not to further mortgage, charge, hypothecate or encumber the property without our prior written consent.

## 7. YOUR RESPONSIBILITIES

- i. **Payment** – You agree to pay us the Obligations Secured on demand, and to comply with all your other obligations under this Mortgage or under all Agreements.
- ii. **Insurance** – You will insure without delay, and keep insured, in our favour and until the Mortgage is discharged, all buildings and improvements covered by the Mortgage (including those which will be built in the future both during construction and afterwards) (“the Buildings”) 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 the Canadian standard mortgage clause satisfactory to us stating that loss under the policy 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. Co-insurance is not permitted. 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 any insurance we obtain under this paragraph shall be added to the Obligations Secured and will bear interest at the interest rate provided for in the Agreements. You will pay this amount to us immediately. Also, if the insurance you obtain is not acceptable to us in our reasonable estimation, we can require you to replace it with insurance which is acceptable. 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. Our providing a copy 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, to the extent permitted by law, in whole or in part and, at our option, be applied to rebuild or repair the damaged Buildings or paid to you or paid to any other person who owns or did own the property, (as established by the registered title) or applied, at our sole discretion, to reduce any part of the Obligations Secured, whether due or not yet due.

- iii. **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 monthly or on such other regular payment dates as we direct. 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 apply the regular payments we receive from you towards payment of your property taxes as long as you are not in default under the Mortgage. We are not obliged to make tax payments on multiple installment dates or more often than once a year. If you have not paid us enough for taxes, we may, at our option, 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.

E. We will not pay you interest on any credit balance in your tax account. We will charge you interest on the debit balance in your tax account at the interest rate provided for in the Agreements until the debit balance is paid to us in full. If more than one rate is provided for in the Agreements, interest will be charged at the highest rate. Any such debit balance and all accrued interest thereon will form a part of the Obligations Secured.

F. If you fail to pay us any Obligations Secured when due, we may apply the credit balance in your tax account towards payment of the Obligations Secured.

G. We can deduct from any advance of the Obligations Secured enough money to pay all taxes due which have not been paid.

H. You will immediately send us all assessment notices, tax bills or tax notices which you receive and provide us with receipted tax bills if we require.

iv. **OTHER CHARGES** – You agree to pay all taxes, charges, mortgages, liens, common expenses and other encumbrances on the property when they are due. If you do not pay any of these amounts when they are due, we can pay them. We can also pay off any liens, claims, common expenses or encumbrances against your property which we consider to have priority over the Mortgage. If we pay on your behalf any taxes, charges, mortgages, liens or other encumbrances or any common expenses, you will immediately pay us our costs of so doing and until paid, all such costs will form part of the Obligations Secured and will bear interest at the interest rate provided for in the Agreements. You will also pay all our costs of collecting any payments not received from you when due. These costs will include all of our legal expenses on a solicitor and own client basis. All of these costs will form a part of the Obligations Secured and will bear interest at the interest rate provided for in the Agreements.

v. **KEEPING THE PROPERTY IN GOOD CONDITION** – You agree to keep the property in good condition and to make any repairs that are needed. You also agree not to do anything, or let anyone else do anything, that lowers the value of the property. We can inspect the property at any reasonable time, and charge the cost of any inspections to you. These costs shall be payable to us immediately, shall bear interest as provided for in the Agreements and shall form part of the Obligations Secured.

If you do not keep the property in good condition, or if you or anyone else does anything that lowers the value of the property, we can make any repairs which we consider necessary and charge our cost of repairs to you. These amounts shall be payable to us immediately, shall bear interest as provided in the Agreements and shall form part of the Obligations Secured.

vi. **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.

vii. **IF YOU ARE A TENANT OF THE PROPERTY** – You promise:

- to pay the rents and other amounts due under the lease as they fall due;
- to comply with all of the other terms of the lease and not to do anything that would cause the lease to be terminated;
- not to surrender the lease;
- not to make any change in the lease without first obtaining our written consent;
- to give us a true copy of any notice or request you receive concerning the lease;

- to notify us immediately if your landlord advises you of early termination or takes any steps to effect early termination of the lease; and
- to 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.

We shall have the right to cure any default by you under the lease but are not required to do so. If we cure any default under the lease, you will pay to us all costs we incur. These costs shall be payable to us immediately, shall bear interest as provided in the Agreements and shall form part of the Obligations Secured.

## 8. PREPAYMENT

Your right to prepay, if any, the Obligations Secured will be set out in the Agreements.

## 9. BUILDING MORTGAGES

The word **improvement** includes any construction, installation, alteration, addition, repair or demolition. If any portion of the Obligations Secured is to finance an improvement, you must so inform us in writing immediately and before any advances of such portion of the Obligations Secured. 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. If you do not complete the construction, we may do so and our expenses will form a part of the Obligations Secured and will bear interest at the interest rate provided for in the Agreements. You will pay us these expenses immediately. 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 the property. We will determine whether or not any advances will be made, when they will be made and in what amount. 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 the property.

## 10. TRANSFER OF LEASES AND RENTS

As additional and separate security for the Obligations Secured, you assign to us all existing and future rents and leases relating to the property. In particular you transfer and assign to us as security:

- All leases, lease agreements and their renewals;
- All rents and other money payable under the terms of all such 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
- All of your rights under such leases and agreements.

In addition you confirm that:

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

## 11. APPOINTING A RECEIVER TO RECEIVE INCOME

If you default in making any payment on the Obligations Secured or under the Mortgage or in complying with any of your other obligations under the Agreements or the Mortgage, we can, in writing, appoint a receiver (which includes a receiver and manager) to collect any income from the 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 the property;
- Take possession of the property or part of it;
- Manage the property, maintain it in good condition and complete any construction or improvements if applicable; and
- Lease the property on whatever terms considered appropriate.

From the income collected the receiver may:

- Retain a commission of 5% of the total money received or any higher rate permitted by a judge or other authorized officer.
- Retain enough money to pay disbursements spent on collecting the income.
- Pay all taxes, fire insurance premiums, expenses of keeping the property in good condition or completing any construction or improvements, interest on those payments and all charges that have priority over the Mortgage and interest on those charges.

- iv. Pay us all interest that is due and payable under the Obligations Secured and then, at our option, pay us all or part of the Obligations Secured, whether due or not yet due.

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

## **12. ENVIRONMENTAL PROVISIONS**

We (including, in this section, the Canada Mortgage and Housing Corporation or other mortgage insurer of any of the Obligations Secured) may inspect the 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 inspection, 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 Obligations Secured under your Mortgage and these amounts will bear interest at the interest rate provided for in the Agreements. If we do the things permitted under this section, we will not be considered to be in possession or control of the property.

## **13. SECURITIZATION**

We may, at our option, sell or deposit all or any part of the Obligations Secured, the Agreements and the Mortgage to one or more third party(ies) without notice to you or your consent. If we do so, you agree that this Mortgage shall continue to secure all Obligations Secured, including all amounts owing under any Obligations Secured or Agreement that has been so sold, or assigned or deposited and all Obligations Secured that arise under any Agreement after such sale, assignment or deposit. This Mortgage and any Obligations Secured or Agreement once sold, assigned or deposited may be repurchased by us, whether or not 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.

## **14. IMMEDIATE PAYMENT**

You will immediately, at our option, pay to us all of the Obligations Secured if any part of the Obligations Secured is not paid when it is due, or if you fail to comply with any of your obligations under the Mortgage or under any Agreement.

## **15. DELAY IN ENFORCEMENT**

We can delay enforcing any of our rights under the Mortgage or the Obligations Secured without losing those rights, and we can release others from their obligations under the Mortgage or any of the Obligations Secured without releasing you.

## **16. ENFORCING OUR RIGHTS**

If you default in making any payment on the Obligations Secured or we have demanded payment on the Mortgage or if you are in default in complying with any other obligation under this Mortgage or Agreements 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 Obligations Secured.
- 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 Obligations Secured. 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.

You will immediately pay all our expenses of enforcing or protecting our security or any of our rights under the Mortgage or any Agreements. Our expenses include our costs of taking or keeping possession of the property, an allowance for the time and services of our employees and of any company servicing the Mortgage who are utilized in so doing, our legal fees on a full indemnity basis and all other costs related to protecting or enforcing our interest under the Mortgage. These expenses will form part of the Obligations Secured and will bear interest as provided for in the Agreements. If there is more than one interest rate on the Obligations Secured, the highest rate will apply. After we are in a position to sell or lease the property, we can sell it, by public auction or private sale, or lease it at any time, in any way, and on any terms which we think are reasonable whether in cash or part cash and credit. If the amount we receive from the sale or lease of the property is less than the Obligations Secured you will have to pay us the difference.

You agree not to make any claims concerning the property against anyone who buys it or leases it from us, or anyone who buys or leases the property after that time. If you do have any claims concerning the property, you agree to make them only against us and only for money damages.

If we obtain a court judgement against you for your failure to comply with any of your obligations to us under any of the Agreements or 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 Obligations Secured in the manner established in the Agreement(s). The rate of interest payable on any judgement shall be calculated and payable in the same way as interest is calculated under the Agreement(s) and at the same rate that interest is payable until the judgement has been paid in full.

#### **17. SALE OF PROPERTY**

If you sell or transfer the property then, at our option, you will immediately pay to us all the Obligations Secured. If we do not require you to pay to us the Obligations Secured, your obligations to us under the Mortgage, and our rights against you or anyone else who is liable for the payment of the Obligations Secured, are not affected.

#### **18. AMENDMENTS**

We may from time to time enter into one or more written agreements with you (or with anyone to whom the property is transferred) to amend the Agreements or the Mortgage. 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 for the full amount of the Obligations Secured. Any reference in these Additional Terms and Covenants to the Mortgage means the Mortgage as amended by any such agreement.

#### **19. GIVING NOTICE**

Any written notice under this Mortgage or the Agreements may be given to you and shall be considered to have been received by you when we send it to the last address of which we have received written notice from you. Written notice to any one of you shall be considered to be notice to both of you. Written notice shall be considered to have been received by us when it is received at the address of the branch indicated on the Mortgage document or any other branch as we may notify you in writing.

#### **20. EFFECT ON OTHER AGREEMENTS, OBLIGATIONS AND SECURITY**

The Mortgage does not change or release you from any of your other obligations under the Agreements with us. Also, the Mortgage does not affect any other security we hold for the repayment of the Obligations Secured, or any other rights we may have to enforce repayment of the Obligations Secured.

#### **21. CONDOMINIUM/STRATA LOT PROVISIONS**

In this paragraph 21, the Condominium Act, the Strata Property Act or similar legislation governing condominium property in the province in which the 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.

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

You will pay the common expenses for your property to the corporation on the due dates. 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) or the enforcement of our right to have the corporation or any owner comply with the Act, declaration, by-laws and rules and our exercising any voting rights we may have.

These costs will bear interest at the highest rate provided for in the Agreements and will form a part of the Obligations Secured.

You irrevocably authorize us to exercise your rights in all matters concerning the Act and the condominium. You also authorize us to exercise your rights to demand the corporation purchase the unit and common interest, where provided under the Act; elect to have the value of the unit and common interest or that of the condominium property determined by arbitration and receive your share of the corporation's assets and the proceeds from the sale of the 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.

The above actions will not put us in possession of the 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.

You authorize us to inspect the corporation's records and remedy any failure of yours to comply with the Act or the declaration, by-laws and rules of the corporation. You will forward to us, if we require, any notices, assessments, by-laws, rules and financial statements of the corporation you receive (or are entitled to receive) from the corporation.

The Obligations Secured will become payable immediately, at our option, if (i) the corporation fails to comply with the Act, the declaration and the 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 or do all that is necessary to collect insurance proceeds; (iii) the corporation makes any substantial modification to the common elements or the corporation's assets without our approval; (iv) there has been substantial damage and the owners have voted for termination of the condominium; (v) a sale of the condominium property or any part of the common elements is authorized, or (vi) the property ceases to be governed by the Act.

If the property ceases to be governed by the Act all the terms of the Mortgage continue to apply to the property. 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 the 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 Obligations Secured. Any balance remaining after all claims have been satisfied will be paid by you.

## **22. RELEASING THE PROPERTY FROM THE MORTGAGE**

We may establish the terms for releasing our interest in all or part of the property (that is, we may discharge, or partially discharge, the property from the Mortgage) whether we receive value for our release or not. If we release part of the property from the Mortgage at any time, the rest of the property will continue to secure the Obligations Secured.

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

We can release you, any guarantor, or any other person from performing any obligation contained in the Mortgage, the Agreements or any other security document without releasing any part of the property secured by the Mortgage or any other security document. Any such release shall not release any other party from their obligations under the Mortgage or Agreements.

## **23. DISCHARGE OF MORTGAGE**

When our interest in the property comes to an end, we will prepare for you a full discharge of our claim (which is called a Discharge of Charge/Mortgage). You will give us a reasonable time in which to prepare and sign the discharge and you will pay our usual administrative fee for preparing, reviewing or signing the document and all legal and other expenses we incur in so doing. You will be responsible for registering and for the costs of registering any discharge.

## **24. 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 representatives and any person to whom the property is transferred, and shall benefit us and our successors and assigns. All persons who sign or who are otherwise bound by the Mortgage as chargors are jointly and severally bound to comply with all obligations under the Mortgage.

## **25. GUARANTEE**

In this paragraph, **guarantor** means each person who signs the Mortgage as Guarantor or Covenantor. **chargor** means each person who signs or is otherwise bound by the Mortgage as chargor.



In return for us making a loan or extending this credit to the chargor secured by this Mortgage, the guarantor, by signing the Mortgage, unconditionally guarantees to us the chargor's payments of the Obligations Secured (including interest, whether or not the interest rate is changed, and other costs and charges), when due and compliance with the chargor's other obligations under the Mortgage and Agreements. Each guarantor agrees that, if the chargor defaults in making any payment or in performing any other obligation under the Mortgage or Agreements, the guarantor will pay us upon demand all of the Obligations Secured and comply with all of the obligations under the Mortgage and Agreements which have not been complied with by the chargor. Each guarantor will be jointly and severally responsible with the chargor and with one another (if more than one) for all obligations under the Mortgage and Agreements, including payment of the Obligations Secured.

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

- Make new advances of and otherwise permit the chargor to incur Obligations Secured;
- Grant any extensions of time for payment and extensions of the term of the Obligations Secured, including any amendments, replacements, additions or renewals of the Agreements covering the Obligations Secured;
- Increase the rate of interest payable under the Agreements, 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 Agreements or change any of the terms of the Mortgage or Agreements at any time;

either before or after requiring payment from any other person. 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). The obligations of the guarantor under this guarantee shall be as principal debtor and not as surety and are not affected by the release in whole or in part of any chargor or of any other person (including any guarantor) of his obligations for the Obligations Secured or any compromise or termination of any Obligations Secured, whether in bankruptcy proceedings or otherwise. Each guarantor's obligations shall be binding upon the guarantor's successors or personal representatives.

## **26. BUILDING 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.

## **27. HEADINGS**

The headings in the body of the Mortgage form no part of the Mortgage. They are inserted for convenience only. You agree that all of the provisions stated in these Additional Terms and Covenants form a part of the Mortgage.

## **28. 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.

## **29. 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, the Agreements and Obligations Secured 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 approval or consent for any matter required by the mortgage or Agreement whether or not approval or consent is provided or the matter is completed,

- (e) processing each extension, renewal, payment frequency change, restructuring or other amendment of the mortgage, Agreements or Obligations Secured 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 and the Agreements and Obligations Secured including inquiring into compliance, dealing with or enforcing any obligation contained in the mortgage or Agreements 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 and the Agreements;
- (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 or the Agreements 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.

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