

STANDARD MORTGAGE TERMS

FILED BY: COAST CAPITAL SAVINGS FEDERAL CREDIT UNION

FILING NO.: MT# 180020

FILING DATE: September 27, 2018

This set of standard mortgage terms forms part of every mortgage which refers to this set of standard mortgage terms by its filing number.

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1. DEFINITIONS

In this Mortgage:

- (a) “**Anniversary Date**” means each date which is an anniversary date of the interest adjustment date for a Restricted Repayment Loan with a term of more than one year, or, if that Restricted Repayment Loan does not have an interest adjustment date, each date which is an anniversary date of the first payment date for that Restricted Repayment Loan. If the Anniversary Date is not a Business Day, then the Anniversary Date shall be the immediately preceding Business Day;
- (b) “**Balance Due Date**” means the “Balance Due Date” shown in box 5(l) in the Mortgage Form;
- (c) “**Borrower**” means each person who is named as a borrower in the Mortgage Form;
- (d) “**Business Day**” means a day on which we are open for business;
- (e) “**CMHC**” means the Canada Mortgage and Housing Corporation;
- (f) “**Environmental Laws**” means any and all statutes, laws, regulations, orders, by-laws, permits and other lawful requirements of any federal, provincial, municipal or other government authority having jurisdiction over you and the Property now or hereafter in force with respect in any way to the environment, health or occupational health and safety, including all applicable guidelines and standards relating to the foregoing as adopted by any of those government authorities from time to time;
- (g) “**Expenses**” means all of our costs, including all administrative, operational and overhead costs of:
 - (i) preparing and registering this Mortgage;
 - (ii) collecting any moneys due under this Mortgage;
 - (iii) performing and observing your obligations under this Mortgage;
 - (iv) paying any Receiver appointed under this Mortgage and the Receiver’s costs;
 - (v) enforcing our rights and remedies under this Mortgage;and without limiting the generality of the foregoing, includes all moneys which we are obligated to pay to third parties under this Mortgage and all actual legal fees and disbursements incurred by us and allowances for any employees or agents;
- (h) “**Financed Loan**” has the meaning given to such term in Section 42(d);

- (i) **“First Payment Date”** means the “First Payment Date” shown in box 5(f) in the Mortgage Form;
- (j) **“Guarantee”** means any guarantee of the obligations of any other individual, corporation, partnership, proprietorship or business to us which you sign from time to time;
- (k) **“Guarantor”** means each person who signs the Mortgage or any Loan Document as a guarantor;
- (l) **“Hazardous Materials”** means any hazardous, corrosive or toxic substance and special wastes including, without limitation, urea formaldehyde, asbestos, underground storage tanks and other such items;
- (m) **“Indemnity”** means any agreement which you sign from time to time indemnifying us in respect of the obligations of any individual, corporation, partnership, proprietorship or business to us;
- (n) **“Interest”**, unless otherwise indicated in this Mortgage, means interest at the Interest Rate;
- (o) **“Interest Adjustment Date”** means the “Interest Adjustment Date” shown in box 5(c) in the Mortgage Form;
- (p) **“Interest Calculation Period”** means the “Interest Calculation Period” shown in box 5(d) in the Mortgage Form;
- (q) **“Interest Rate”**, unless otherwise indicated in this Mortgage, means, with respect to any Loan, the interest rate shown in the Loan Document for that Loan, calculated using the interest calculation period shown in that Loan Document, and, if more than one Loan is secured by this Mortgage, means the highest of the Nominal Interest Rates applicable to those Loans and shown in those Loan Documents;
- (r) **“Lease”** means your leasehold interest in the Property, if any, shown in box 8 in the Mortgage Form;
- (s) **“Loan”** means an amount loaned by us to you, as described in Section 25, and secured by this Mortgage;
- (t) **“Loan Amount”** means the outstanding balance from time to time of the Principal Amount, together with all other moneys which may be added to the Loan Amount under the terms of this Mortgage, all of which is expressed in Canadian dollars unless otherwise specified;
- (u) **“Loan Document”** means any loan agreement, promissory note, loan document, request for advance, disclosure statement, Guarantee, Indemnity or other agreement between you and us or document containing terms relating to any Loan, as any of them may be amended, renewed or replaced from time to time;

- (v) “**Loan Maturity Date**” means the date on which the balance of any Loan is due and, in any event a date not later than the Balance Due Date;
- (w) “**Loan Payment**” means the “Amount of Each Periodic Payment” shown in box 5(g) in the Mortgage Form in Canadian dollars unless otherwise specified;
- (x) “**Mortgage**” means the combination of the Mortgage Form and these mortgage terms as either of the foregoing may be amended or replaced from time to time;
- (y) “**Mortgage Form**” means Form B under the Land Title (Transfer Forms) Regulation which is signed by you and which refers to this set of standard mortgage terms by this set’s filing number, and includes all schedules and addenda to Form B;
- (z) “**Nominal Interest Rate**” means, with respect to any Loan, the percentage rate shown on the Loan Document, whether a fixed or a floating rate, without any reference to any interest calculation period or payment period shown in that Loan Document;
- (aa) “**Place of Payment**” means the “Place of Payment” shown in box 5(k) in the Mortgage Form;
- (bb) “**Prime Rate**”, for any particular month, means the rate of interest announced from time to time by us as our prime lending rate for Canadian dollar loans to our customers in Canada (commonly referred to as our “prime rate”). If more than one such rate of interest is so announced by us, the highest of such rates shall apply;
- (cc) “**Principal Amount**” means the “Principal Amount” shown in box 5(a) in the Mortgage Form in Canadian dollars unless otherwise specified;
- (dd) “**Prior Charges**” means the prior encumbrances permitted by us shown in box 11 in the Mortgage Form or any financial charge registered against the Property which has been granted or assumed by you and which has priority over our interests under the Mortgage;
- (ee) “**Property**” means all your present and future interest in the land described in the Mortgage Form including every incidental right, benefit or privilege attaching to that land or running with it and all buildings and improvements that are now or later constructed on or made to that land including, without limitation, all yards, gardens, trees, fences, hedges, furnaces, plumbing, air conditioning, ventilating and heating equipment, electric light fixtures, storm windows, storm doors, window screens and screen doors and any built-in appliances belonging to or enjoyed with that land;
- (ff) “**Receiver**” includes a receiver and manager;
- (gg) “**Restricted Repayment Loan**” means a Loan the prepayment of which is restricted under the terms of the applicable Loan Document;
- (hh) “**Taxes**” means taxes, rates, assessments and similar charges on the Property charged by any government authority;

- (ii) **“Variable Rate”** means an interest rate which varies with the Prime Rate from time to time; and
- (jj) **“we”, “us” or “our”** means Coast Capital Savings Federal Credit Union, its successors and assigns, including any person to which Coast Capital Savings Federal Credit Union transfers this Mortgage.
- (kk) **“you”, or “your”** means each person who is named as Borrower;

2. MORTGAGE

In return for us advancing the Principal Amount to you, or any part of it, or us incurring any Expenses, you hereby grant, mortgage and charge your entire interest in the Property, together with any additional or greater interest in the Property that you may later acquire, to us forever.

If any part of the Property mortgaged is described in the Mortgage Form as a leasehold interest, the grant, mortgage and charge in this Section 2 for that particular part shall be a charge of the unexpired term of the Lease except for the last day of that term.

You release all your claims on the Property to us but our rights to the Property will terminate when you have repaid the Loan Amount and the Interest and performed and observed all of your other obligations under this Mortgage subject to any provisions of this Mortgage.

3. PAYMENT

You promise to repay the Loan Amount and Interest and to pay and perform all other obligations which you have under this Mortgage in accordance with the provisions set out in this Mortgage. Interest on each advance of the Principal Amount will be calculated from the date of each advance.

We may pay all Expenses without the necessity of obtaining your prior consent and you will reimburse us for all Expenses on demand and until you do so, they will be added to the Loan Amount secured by this Mortgage and bear interest at the Interest Rate.

4. PLACE AND METHOD OF PAYMENT

All payments due under this Mortgage will be made without set off or deduction in Canadian dollars unless otherwise specified, such payment being made at the Place of Payment or such other address as we may specify in writing from time to time.

At all times while the Loan Amount is outstanding, you will maintain such type of account as we require from which we may deduct any amount due to us under this Mortgage.

We need only account to you for moneys actually received by us.

5. YOUR TITLE TO THE PROPERTY

You promise us that:

- (a) you have a good title to the Property;
- (b) you have the right to mortgage the Property to us; and
- (c) there are no encumbrances or other restrictions on your title to, or use of, the Property except building by-laws, zoning regulations, reservations contained in the original Crown Grant and any Prior Charges.

6. NO OBLIGATION ON US TO ADVANCE THE PRINCIPAL AMOUNT

We do not have to advance the whole or any part of the Principal Amount to you, whether or not this Mortgage has been signed or registered or partly advanced. In any event, this Mortgage will remain as security for the Loan Amount and Interest.

7. TAXES

You will promptly pay all Taxes as they become due and, upon request, you will send us proof of payment. If you fail to pay any Taxes, we may do so and you will pay to us on demand all such amounts that we pay, and until you do so, those amounts will be added to the Loan Amount secured by this Mortgage and bear interest at the Interest Rate.

At any time we may require you to make payments to us on account of Taxes. We may set the payment according to our estimate of one year's Taxes, and you will send us all notices of Taxes as soon as you receive them.

We are not obliged to pay the Taxes and we may apply the moneys held by us in payment of any other amount due under this Mortgage. Until then, we will pay you interest on those moneys at a rate which is not less than the lowest rate of interest paid by us on chequing accounts.

8. DO NOT SELL, LEASE OR MORTGAGE

You will not, without our written consent, sell, transfer, mortgage, lease, rent out or give up possession of all or part of the Property to any other person nor allow the Property to become subject to any claims or encumbrances except any Prior Charges. If you sell, transfer, mortgage, charge, encumber, lease, rent out or give up possession of all or part of the Property without our prior written consent then, at our option, the Loan Amount will immediately become due and payable in full. If you fail to discharge any such claims or encumbrances, we may do so and you will pay to us on demand all such amounts that we pay in respect of those claims or encumbrances, and until you do so, those amounts will be added to the Loan Amount secured by this Mortgage and bear interest at the Interest Rate.

9. INSURANCE

You will maintain insurance on the Property by way of a "broad form" or "comprehensive form" homeowner's, condominium or tenant's package, as applicable, at full replacement cost for the

maximum amount for which the buildings or improvements can be insured. You will maintain general liability insurance for the Property, subject to a limit per occurrence of not less than \$1,000,000. All insurance policies will be in a form and be issued by an insurance company acceptable to us, will provide for insurance coverage and deductibles in amounts acceptable to us and, in the case of property insurance, will contain a standard mortgage clause acceptable to us and show insurance proceeds as payable to us. You will promptly provide us with evidence that you have obtained and are maintaining the insurance required by this Mortgage.

You will pay all insurance premiums when due, provide us with certified copies of the policy, renewals, receipts for premiums paid, and, in the event of loss or damages, notify us immediately and duly file proof of loss with the insurer and transfer to us all insurance proceeds on receipt.

If you fail or are deemed to have failed to maintain the insurance required by this Mortgage, we may do so. If we pay any amount to maintain insurance you will pay to us on demand that amount, and until you do so, that amount will be added to the Loan Amount secured by this Mortgage and bear interest at the Interest Rate. At our sole discretion, if we exercise our option under this Mortgage of declaring the Loan Amount and Interest immediately due and payable, you will be deemed to have failed to maintain insurance on the Property. We may insure the Property for such amount as we decide and we will not be liable for any failure to insure to the full replacement cost of the Property.

At our option, all or part of the insurance proceeds may be applied in replacing or repairing any loss or damage, paid to you, paid to any other person with an interest in the Property, applied to the Loan Amount, whether or not it is yet due, or any one or more of the above. You hereby waive your rights under any statutory provision to the contrary.

10. USE AND CONDITION OF THE PROPERTY

As long as you perform and observe your obligations under this Mortgage, you may remain in possession of the Property, subject to our right to inspect the Property at any reasonable time.

However, you will:

- (a) keep the Property in good repair;
- (b) not abandon the Property;
- (c) comply with all municipal by-laws;
- (d) not, without our written consent, use the Property for any business nor make any additions, alterations, or improvements to the Property;
- (e) continuously carry on any construction approved by us in good and workmanlike manner according to plans approved by us and the requirements of all government authorities having jurisdiction;
- (f) not allow any delay exceeding 10 days in the carrying on of any such construction; and

- (g) not do anything nor let any other person do anything on or to the Property which would reduce the value of the Property.

If you fail to perform and observe the obligations, we may do so. If we pay any amounts to perform or observe any of the obligations set out in (a) to (g) above, you will pay to us on demand all such amounts that we pay, and until you do so, those amounts will be added to the Loan Amount secured by this Mortgage and bear interest at the Interest Rate.

11. PRIOR CHARGES

You will perform and observe all your obligations under any Prior Charges. If you fail to perform and observe those obligations, we may do so and you will pay to us on demand all such amounts that we pay, and until you do so, those amounts will be added to the Loan Amount secured by this Mortgage and bear interest at the Interest Rate.

If we pay off any Prior Charges or other claims or encumbrances, we may indefinitely retain any discharge we may receive.

12. OTHER DEBTS

If, at any time now or in the future, you owe us any money whatsoever (the “**Debt**”), we may add the amount of the Debt to the Loan Amount, whether or not the Debt has been demanded or is otherwise secured, without affecting or prejudicing any of our rights under any document which refers to the Debt, in which case this Mortgage shall be security for the Debt and, where applicable, the current or running account of the Debt. You will repay the Debt to us on demand.

13. FINANCIAL STATEMENTS

Upon our request and within 30 days of such request, you and each Guarantor will deliver to us financial statements and net worth statements for you and each Guarantor duly executed by you and each Guarantor. These statements shall be in a form acceptable to us.

14. FURTHER ASSIGNMENTS

At our request, you will grant to us, at your cost and in such form as we shall require, as collateral security hereto, specific assignments of any and all agreements, contracts, leases, licenses, permits and rights affecting the Property.

15. ACCELERATION OF REPAYMENT OF THE LOAN AMOUNT

At our option, the Loan Amount and Interest will become immediately due and payable if:

- (a) you fail to perform or observe any of your obligations under this Mortgage or under any Loan Document;
- (b) you do anything or fail to do anything which might interfere with our interest in the Property;

- (c) you, or any Guarantor, become insolvent;
- (d) the Property or any part of it is expropriated;
- (e) in our opinion, the Loan Amount plus the amount of any Prior Charges and subsequent charges exceeds 80% of our estimate of the value of the Property, unless the Mortgage is insured by CMHC or any other insurer approved by us;
- (f) you, or any Guarantor, fail to observe or perform any obligation to us under this Mortgage, under any Loan Document or under any other agreement or instrument of which we have the benefit, whether or not collateral or supplemental hereto;
- (g) you, or any Guarantor, have made any representations or warranties which were false or misleading in the application for the Mortgage;
- (h) you are in default under any term, covenant, agreement, or fail to perform any of your obligations, under any mortgage charging the Property, or any liability that is secured by or related to the Property; or
- (i) you sell, transfer, mortgage, lease, rent out or give up possession of all or part of the Property to any other person, or if you allow the Property to become subject to any claims or encumbrances except any Prior Charges.

16. ENFORCING OUR RIGHTS

If you fail to perform and observe any of your obligations under the Mortgage or under a Loan Document or if the Loan Amount and Interest has become due and payable, we may do any one or more of the following:

- (a) sue you to collect all or part of the moneys owing under this Mortgage;
- (b) take court proceedings to foreclose against your right to redeem the Property or to have it sold;
- (c) give you 30 days' notice and then take possession of the Property, sell or lease all or part of it and on such terms as we think fit, or take any other legal remedy available to us if you fail to make any payment for one month;
- (d) appoint a Receiver;
- (e) have quiet possession of the Property;
- (f) whether or not we take possession of the Property, perform and observe any of your obligations under this Mortgage and enforce all our remedies set out above and enter onto the Property at any time without permission and make whatever arrangements we believe are necessary to:
 - (i) inspect, rent out, collect rents or manage the Property;

- (ii) complete any construction and repair or maintain any buildings or improvements on the Property; and
- (iii) levy distress against any goods on the Property using such force as may be necessary.

You will promptly pay the legal costs of any proceedings taken by us to enforce our rights under this Mortgage or any Loan Document, chargeable on a solicitor and client basis. If you fail to pay any such legal costs, we may do so and you will pay to us on demand all such amounts that we pay, and until you do so, those amounts will be added to the Loan Amount secured by this Mortgage and bear interest at the Interest Rate.

If the Property is sold or leased, you will not make any claim against a purchaser or lessee of the Property.

If the proceeds of sale of the Property are not sufficient to pay what you owe us, you will pay us the balance.

17. RECEIVER

The Receiver may do any one or more of the following:

- (a) take any legal action to collect income from the Property;
- (b) take possession of all or part of the Property;
- (c) manage and rent out the Property and maintain it in good condition;
- (d) retain a commission of 5% of all the income collected, or any higher rate of commission that is approved by a judge or court officer;
- (e) retain enough moneys to repay any of the Receiver's expenses;
- (f) pay all Taxes, insurance premiums, costs of any inspections or repairs and any payments due on any Prior Charges or other charges which may have priority over this Mortgage;
- (g) pay to us any Interest on the Loan Amount that is due and payable and then pay us all or part of the Loan Amount whether or not it is due and payable.

Nothing which the Receiver does will be deemed to put us in possession of the Property.

Although we appoint the Receiver, the Receiver will be your agent and their defaults will be deemed to be your defaults.

18. ADVANCES

If you request that we advance all or part of the Principal Amount pursuant to another written agreement, this Mortgage shall be additional security for such advance. If you request that we advance all or part of the Principal Amount to any Guarantor or a person who is not a party to this Mortgage, such advance shall be deemed to be made under this Mortgage.

19. CUMULATIVE RIGHTS

We may exercise any of our rights under this Mortgage, or any additional security for the moneys secured by this Mortgage or any judgment in respect of this Mortgage, in any order or all at once as we see fit, and no such exercise will affect or merge any of our rights under any of them or otherwise.

We may:

- (a) give you or any other person any extension of time;
- (b) waive any default under this Mortgage;
- (c) delay in enforcing our rights under this Mortgage; and
- (d) release all or any part of the Property from this Mortgage;

without in any way affecting or prejudicing our rights to have you perform and observe all your obligations under this Mortgage.

20. RENEWAL

If the amortization period of any Loan ends on a date later than the Loan Maturity Date for that Loan, and we wish to renew that Loan, we will give you by mail, at your mailing address in our records, a written notice called a "Mortgage Renewal Notice" which sets out the terms on which we will renew that Loan. If you wish to renew that Loan you will return the "Mortgage Renewal Notice" to us at least 10 days before that Loan Maturity Date, and will indicate the renewal option which you have selected.

If you do not return to us the completed "Mortgage Renewal Notice" before the Loan Maturity Date for that Loan, you agree that we may renew the Loan at the interest rate and on the other terms stated in the Mortgage Renewal Notice sent to you and that renewed Loan will be secured by this Mortgage.

If you notify us that you choose not to renew the Loan, or if you do not return the completed "Mortgage Renewal Notice" before the Loan Maturity Date for that Loan and we do not renew the Loan as set out above, you will repay to us on the Loan Maturity Date for that Loan the Loan Amount relating to that Loan and all Interest and other amounts owing to us under that Loan.

21. OUR POWER TO RELEASE THE PROPERTY

Each part of the Property is charged by this Mortgage. If we release part of the Property, the remainder will secure the repayment of the whole of the Loan Amount and Interest. We may lay down the terms for releasing our rights to any part of the Property, whether or not we receive value for the release.

22. DISCHARGE OF THE MORTGAGE

When you have repaid the Loan Amount and Interest and performed and observed all your obligations under this Mortgage, you will either:

- (a) ask us to prepare and execute a release and discharge of our rights under this Mortgage or an assignment of this Mortgage (such release or assignment referred to as a “**Release**”) and to register the Release in the Land Title Office. You agree that we may have an agent perform any or all of those services on our behalf. You will pay to us our then current administrative fee, which may include our agent’s fee for preparing, executing and registering the Release; or
- (b) prepare and provide to us a Release. We will, at your request, execute the Release and provide it to you for registration and you will pay to us our then current administrative fee for executing the Release.

You agree that all amounts which you pay to us, or which are paid to us on your behalf (including the Loan Amount and interest) in order to obtain a Release must be received by us by the time of day set out in the pay-out statement issued by us; otherwise you will be required to pay a further day’s interest.

23. STRATA LOTS

If the Property includes any strata lot under the *Strata Property Act* (British Columbia) and any amendments to it, then until you have repaid all the moneys secured by this Mortgage:

- (a) you will perform and observe all your obligations under that Act and the regulations thereto and the bylaws and rules of the strata corporation, in effect from time to time, and will provide us with proof that you have performed and observed all such obligations from time to time when we request it;
- (b) without limiting your obligations under Section 23(a), you will pay, when due, all strata fees, special levies and other amounts payable to the strata corporation, and will deliver to us, within 10 days of our request, a “Certificate of Payment” from the strata corporation confirming that you do not owe money to the strata corporation. If you do not pay any amounts when due, we may do so and you will pay to us on demand all such amounts that we pay, and until you do so, those amounts will be added to the Loan Amount secured by this Mortgage and bear interest at the Interest Rate;

- (c) you irrevocably give us your right to vote as the owner of the Property, to the maximum extent permitted by the *Strata Property Act* (British Columbia). We are not responsible for any exercise of this right to vote or failure to exercise it; and
- (d) you appoint us as your agent to examine and obtain copies of all information and certificates which you are entitled to examine and obtain relating to the Property.

Nothing under this Section 23 shall be deemed to put us in possession of the Property.

24. LEASEHOLD PROPERTY

This Section 24 applies if all or any part of the Property is or includes a leasehold interest.

You represent to us that:

- (a) the Lease is owned by you subject only to those charges and encumbrances that are registered in the land title office at the time you sign the Mortgage Form;
- (b) the Lease is in good standing;
- (c) you have complied with all your promises and agreements contained in the Lease;
- (d) you have paid all rent that is due and payable under the Lease;
- (e) the Lease is not in default; and
- (f) you have the right to mortgage the Lease to us.

You will:

- (a) comply with the Lease and not do anything that would cause the Lease to be terminated;
- (b) immediately give to us a copy of any notice or request received from the landlord;
- (c) immediately notify us if the landlord advises you of the landlord's intention to terminate the Lease before the term expires;
- (d) sign any other document we require to ensure that any greater interest in the Property that is acquired by you is charged by this Mortgage; and
- (e) hold any right of reversion remaining upon trust for us and will assign and dispose of such right of reversion as we direct.

Any default under the Lease is a default under this Mortgage.

You promise us that you will not, without first obtaining our written consent:

- (a) surrender or terminate the Lease, or
- (b) agree to change the terms of the Lease.

We may perform any promise or agreement of yours under the Lease.

Nothing under this Section 24 shall be deemed to put us in possession of the Property.

25. CONTINUING SECURITY

This Mortgage will be a re-advanceable and continuing security for the Loan Amount, Interest and Expenses on a current or running account so that we may lend the Principal Amount by various separate amounts (each of which is called a “**Loan**”). The total value of all these Loans will not exceed the Principal Amount at any one time.

This Mortgage will also be security for all Guarantees and Indemnities.

This Mortgage will continue in effect, even at times when there is no money owing under the Mortgage, and it will be and remain valid security for any subsequent advance or re-advance by us to you to the same extent as if the said advance or re-advance had been made on the execution of this Mortgage.

26. LOANS AND REPAYMENT

- (a) Each Loan secured by this Mortgage shall be deemed to be a separate and distinct loan and may only be made pursuant to a Loan Document signed by every person comprising the Borrower and by every Guarantor.
- (b) Each Financed Loan shall have priority of payment, collection and enforcement over any other amounts secured or to be secured by this Mortgage.
- (c) Each Loan Document shall be in such form as we may prescribe and shall set out the amount of the Loan, the Interest payable thereon, the terms of repayment, the Demand Date and prepayment privilege applicable to it. We will allocate to each Loan Document a “**Loan Number**”.
- (d) Each Loan Document will constitute a supplement to this Mortgage and be binding as if included in the Mortgage itself.
- (e) You will refer to your Loan Number whenever you make a repayment; otherwise we may allocate the repayment to or between any Loan or Loans or to any other liability or obligation which you may have to us. If you are in default under this Mortgage, we may in any case allocate the repayment to or between any Loan or Loans or to any other liability or obligation which you may have to us.
- (f) At our option, Interest on any advances of any of the Principal Amount of any Loan before the interest adjustment date stated on such Loan, calculated from the respective

dates of such advances to the interest adjustment date stated on such Loan, may be deducted from those advances or be payable by you on the interest adjustment date.

27. GUARANTOR'S AGREEMENT

In return for us lending the Loan Amount to the person(s) named as the Borrower, the Guarantor agrees as a primary debtor:

- (a) to perform and observe all the Borrower's obligations under this Mortgage and to be bound by the Mortgage as if the Guarantor were the Borrower;
- (b) to be jointly and severally liable with the Borrower for all the obligations of the Borrower under the Mortgage;
- (c) that all obligations of the Guarantor are binding on the Guarantor and their heirs, personal or legal representatives, successors and assigns;
- (d) that if there is more than one Guarantor, each Guarantor is bound by the terms and conditions of this Guarantor's Agreement jointly and severally; and
- (e) that we may, without notice to or consent of the Guarantor and without affecting the Guarantor's obligations:
 - (i) grant extensions of time for fulfillment of the Borrower's obligations;
 - (ii) waive any default by the Borrower;
 - (iii) grant renewals and modifications of this Mortgage;
 - (iv) increase the Interest Rate applicable to any Loan;
 - (v) release the whole or any part of the Property from this Mortgage or any other security for the Loan Amount;
 - (vi) take further security for the Loan Amount; and
 - (vii) otherwise deal with any person liable to repay the Loan Amount or any one or more of them.

The Guarantor agrees that, unless we expressly direct otherwise, the Guarantor shall obtain independent legal advice, at the expense of the Borrower or Guarantor, with respect to their obligations under this Guarantor's Agreement.

The Guarantor agrees that we may give the Guarantor notice by personally delivering it to the Guarantor or by mailing it to the Guarantor at their last known address in our records, and if it is mailed to the Guarantor, it will be deemed conclusively to have been received by the Guarantor on the third day after it has been mailed.

28. ASSIGNMENT OF RENTS

For valuable consideration, you assign and transfer to us as additional security for repayment of the Loan Amount, all rents, past, present and future, payable under any leases and agreements at any time affecting the Property together with all rights, benefits and advantages therefrom (the “**Rents**”) to be held by us absolutely. We need not collect the Rents nor take any action. Nothing we do hereunder shall deem us to be a landlord or a mortgagee in possession of the Property.

We shall be liable to account for only such moneys as we actually receive after deduction of all collection charges, inspection fees and other expenses which we may incur. Such moneys may be applied towards the Loan Amount.

You shall not accept any prepayment of any rent due and only accept payment in the amounts and on the day and at the time and in the manner stipulated in each lease. Any moneys received by you from the tenants of the Property after default under this Mortgage shall be held by you in trust for us and be paid to us on demand.

29. ENVIRONMENTAL PROVISIONS

You represent and warrant that the Property is free of Hazardous Materials.

You will not store, manufacture, dispose, treat, generate, use, transport, remediate or release Hazardous Materials in, on, or from the Property without notifying us in writing and shall promptly remove any Hazardous Materials from the Property in a manner which conforms to Environmental Laws governing their removal.

You will immediately notify us in writing of the discovery of any Hazardous Materials or any occurrence or condition on the Property or any real property in its vicinity which could result in any fines, penalties, orders or proceedings under any Environmental Laws.

You will indemnify and save us, our directors, officers and employees harmless from any and all liabilities, claims and costs whatsoever which may be paid, incurred or asserted at any time as a direct or indirect result of the presence on or under or the escape, discharge, or release from the Property of any Hazardous Materials.

The indemnity and other obligations hereunder in connection with Hazardous Materials will survive the discharge of this Mortgage and the payment and satisfaction of the indebtedness and liabilities hereby secured.

30. HOMEOWNER PROTECTION ACT

If any building erected or to be erected on the Property is or will be a new home, as defined under the *Homeowner Protection Act* (British Columbia):

- (a) you will only engage the services of a residential builder as defined under the *Homeowner Protection Act* (British Columbia), who during the period of engagement is

licensed and provides home warranty insurance as required under the *Homeowner Protection Act* (British Columbia); or

- (b) you will yourself at all times during the period of construction be licensed and have warranty insurance as required under the *Homeowner Protection Act* (British Columbia).

31. LIENS

You will not permit any lien to be acquired against the Property or any part of the Property under the *Builders Lien Act* (British Columbia), or under any other law. If a lien is registered against the Property or any part of the Property, we may, but will not be obliged to, pay such amounts as may be required to remove such lien from title. You will pay to us on demand all amounts so paid by us, together with all costs, charges, and expenses incurred by us in connection therewith (including, without limitation, costs on a solicitor and client basis), and until you do so, those amounts will be added to the Loan Amount secured by this Mortgage and bear interest at the Interest Rate.

You will establish, maintain and operate at all relevant times a holdback account or accounts in the manner required by the *Builders Lien Act* (British Columbia) and provide to us any information relating to such holdback accounts as we may from time to time request. You will use any funds in the holdback account only as permitted by the *Builders Lien Act* (British Columbia) and will not pay funds from the holdback accounts until the expiry of all applicable lien filing periods. We may require any part of the Principal Amount to be deposited in any such holdback accounts at such times and in such amounts as we in our sole discretion may determine.

In no case are unadvanced portions of the Principal Amount to be considered by you or any other person to be a holdback under the *Builders Lien Act* (British Columbia). For greater certainty, you acknowledge that we will not maintain any holdback accounts.

You irrevocably consent to the disclosure of information pursuant to the *Builders Lien Act* (British Columbia) by us to any person that purports to be entitled to request information under the *Builders Lien Act* (British Columbia).

32. BUILDING

If this Mortgage is for the purpose of constructing a building on the Property, advances under this Mortgage will be made from time to time in the future in accordance with the progress of construction. We will decide whether or not an advance will be made, the amount of the advance, when it will be made, and what we may require before it is made. Any building being constructed on the Property will form part of the Property charged by this Mortgage. If you fail to perform or observe any of your obligations under this Mortgage, including your obligation to proceed diligently with construction, we may enter the Property and make any arrangements we consider necessary for completing construction of or repairing or putting in order, any building on the Property. The cost of this will be payable by you on demand, and until you do so, those costs will be added to the Loan Amount secured by this Mortgage and bear interest at the Interest

Rate. Construction will only be in accordance with accepted construction standards, building codes and municipal or governmental requirements and plans approved by us.

33. GENERAL PROVISIONS

If a default occurs under this Mortgage, it will have the same effect as though a default had occurred under any other mortgage or agreement between you and us or instrument granted by you in our favour.

34. CONSOLIDATION

We may consolidate separate debts owing by you to us and may require you to repay any and all money due to us, whether or not such money is by a separate mortgage or otherwise secured, prior to granting a discharge of the Property or of the Mortgage. Our right of consolidation will be deemed not to be diminished or limited in any way by Section 31 of the *Property Law Act* (British Columbia).

35. ADMINISTRATIVE FEES

You will pay to us our usual administrative fees, as changed by us from time to time in our sole discretion, for any services which we perform on your request, including, for example, registering a discharge or assignment of this Mortgage.

36. NOTICES

Except as may be required by law at that time, we may give you notice by personally delivering it to you or by mailing it to you at your last known address in our records and, if it is mailed to you, you will be deemed conclusively to have received the notice on the third day after we have mailed it.

37. HEADINGS

The headings have been used so that the various parts of this Mortgage can be easily referred to but they are not part of this Mortgage and they are not to be taken into account in determining the true meaning of this Mortgage.

38. WHO IS BOUND BY THIS MORTGAGE?

All the rights and obligations under this Mortgage are for the benefit of and are binding on you and us and your and our respective heirs, personal or legal representatives, successors and permitted assigns.

If there is more than one Borrower, each of you agrees that: (i) each reference to “you” or “your” in this Mortgage refers to each of you; (ii) each of you is liable under this Mortgage on a joint and several basis; (iii) each of you is obligated under this Mortgage as principal, and not as guarantor; (iv) any one of you may act for all of you under this Mortgage and any such actions by any one of you shall be binding on all of you; (v) we will be fully discharged in respect of any

of its obligations under this Mortgage upon performance of that obligation in favour of any of you; (vi) each representation, warranty, covenant and undertaking made by you is made by each of you on a joint and several basis; (vii) the occurrence of a default under this Mortgage by or with respect to you or any one of you shall be deemed to be a default under this Mortgage by all of you; and (viii) a separate action or actions may be brought and prosecuted against any of you whether an action is brought against one or more or all of you or whether any other party is joined in any such action or actions. Each of you waives any right to require us to proceed against any other party or pursue any other remedy in our power.

39. INVALID CLAUSE

If a court determines that any clause or provision in this Mortgage is not valid or binding, then only that clause or provision will be struck and the rest of the Mortgage will continue and be valid and binding.

40. GOVERNING LAW

The Mortgage shall be governed by the Laws of British Columbia and the applicable federal Laws of Canada. You submit to the jurisdiction of the courts of British Columbia with respect to the Mortgage.

41. STATUTE REFERENCES

A reference in the Mortgage to a statute includes the statute and all regulations thereunder, as the same may be amended or replaced.

42. INSURED MORTGAGE

If this Mortgage is insured by CMHC or any other insurer approved by us (CMHC or that other insurer is referred to as the “**Insurer**”) or guaranteed by CMHC in connection with a financing transaction pursuant to the *National Housing Act* (Canada), the following provisions apply to this Mortgage:

- (a) **Insurance** – If the Property includes a strata lot:
 - (i) insurance maintained by the strata corporation in accordance with its statutory obligation under the *Strata Property Act* (British Columbia) shall be deemed, for the purpose of this Mortgage, to be insurance maintained by you to the extent such insurance is attributable to the strata lot (based on the interest on destruction of the strata lot); and
 - (ii) You will, if required by us, obtain and maintain, in respect of the strata lot, insurance for additional perils and/or additional amounts, in excess of the insurance maintained by the strata corporation.
- (b) **Inspection** – You appoint each of CMHC, in its capacity as guarantor of mortgage-backed securities issued under the *National Housing Act* (Canada) (the “**Financing**”

Guarantor”), and the Insurer and any duly authorized representative or agent thereof as your authorized representative for the purpose of inspecting the Property. You agree that we, the Financing Guarantor or the Insurer (or our respective agents), as applicable, may enter upon the property and conduct any environmental testing, site assessment, investigation or study deemed necessary by us, the Financing Guarantor or the Insurer, as applicable, and the reasonable cost of such testing, assessment, investigation or study, as the case may be, shall be payable by you to us on demand and until paid will:

- (i) be added to the Loan Amount;
- (ii) bear interest at the Interest Rate;
- (iii) be secured by this Mortgage; and
- (iv) be a charge on the Property.

The exercise of any of the powers set forth above will not deem us, the Financing Guarantor, the Insurer or any of our or their respective agents to be in possession, management or control of the Property or any buildings thereon.

- (c) **National Housing Act (Canada)** – This Mortgage, if insured by CMHC, is made pursuant to the *National Housing Act* (Canada).
- (d) **Subordination** – If mortgage loan insurance has been purchased for any Loan, whether by you or by us, our interests in such Loan may be transferred to CMHC in connection with a financing transaction. Notwithstanding anything else contained in this Mortgage or any Loan Document, for so long as any Loan is held by or on behalf of CMHC in connection with such financing transaction (a “**Financed Loan**”), or until such Financed Loan is irrevocably discharged in full, we hereby agree in favour of CMHC as follows:
 - (i) we agree to record and treat each advance under any Loan Document relating to such Financed Loan as a separate and distinct Loan, whether or not one or more of the advances continues to be secured by this Mortgage; provided that we may record and treat amounts advanced in respect of Taxes paid on behalf of the Borrower as an increase in the Loan Amount associated with any Loan other than such Financed Loan;
 - (ii) we agree not to consolidate any Financed Loan with any other Loan;
 - (iii) if a Borrower or Guarantor is in default under the terms of any Loan Document relating to such Financed Loan, this Mortgage or any other agreement for a loan secured by this Mortgage, any payment obligations owing to us under any such agreement are postponed and subordinated to, and made subject in right of payment to the prior payment in full of the Financed Loan;
 - (iv) CMHC's security interest in the Property arising under this Mortgage shall rank senior to and have priority over any security interest that we may have from

time to time in the Property in all respects, and our security interest in the Property is hereby subordinated in favour of CMHC; and

- (v) we shall not, without the consent of CMHC, take any steps to enforce our security interests in the Property, to appoint a receiver of any Borrower or Guarantor or any of their respective assets, to commence or initiate any bankruptcy proceeding with respect to any Borrower or Guarantor or to commence or initiate any action or proceeding to recover or receive payment of any Loan owing to us; provided that we may accelerate the time for payment of any Loan owing to us in accordance with the terms thereof (including by way of the making of demand under any guarantee, indemnity or other assurance against loss).

For greater certainty, the provisions of this Section 42(d) are made by us in favour of CMHC only, and may be enforced by CMHC against us and any of our successors or assigns under any Loan Document. No Borrower or Guarantor shall have any right to enforce this Section 42(d) against us or any of our successors or assigns.

43. MARITAL STATUS

You certify to us that all information that you gave us about your marital status and the Property when applying for the Mortgage or any of the Loan Documents, and the statements made in the Mortgage, are true and accurate.

44. AGREEMENT

You agree to the terms of this Mortgage and will sign any further documents and do anything further that we think is necessary to make sure that you have mortgaged your entire interest in the Property to us. All your representations and warranties made in this Mortgage or otherwise including in any Loan Documents, certificate or other document or any application in connection with the Mortgage are material, shall survive the execution and delivery of this Mortgage and shall continue in force for the full term of this Mortgage and all Loans including any extensions or renewals of this Mortgage and those Loans.

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