



SET OF STANDARD CHARGE TERMS

Filed by LA FÉDÉRATION DES CAISSES POPULAIRES DE L'ONTARIO INC.

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The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided by section 9 of the *Land Registration Reform Act*, as amended from time to time, irrespective of whether the charge is registered using a paper-based system of registration or if it is registered electronically.

INDEX

	<u>Page</u>
1. Definitions	2
2. Statutory Covenants Excluded	2
3. Creation of Charge	2
4. Charge Void	2
5. Interest on Arrears	2
6. Advances of Principal	2
7. Municipal Taxes	3
8. Covenants of the Chargor	3
a) Payment of principal, interest and other sums and observation of covenants	3
b) Authority to charge lands	3
c) Title	3
d) Prior Encumbrances	3
e) Insurance	3
f) Acceleration on default	4
g) Distress	4
h) Entry on Default	4
i) Further assurances	4
j) Repair	4
k) Power of sale	4
9. Sale of the Lands	5
10. Subsequent Charge	5
11. Payments by Chargee	5
12. <i>Ontario New Home Warranties Plan Act</i>	5
13. Fixtures	6
14. <i>Construction Lien Act</i>	6
15. Building Mortgage	6
16. Alterations	7
17. Default in Prior Charges	7
18. Waiver of Default	7
19. Partial Releases	7
20. Extensions	7
21. Judgments	7
22. Guarantor(s)	7
23. Condominium	8
Residential Properties	8
24. Prepayment Privileges	8
25. Increase of Regular Payments	9
26. Renewal Before Maturity	9
27. Portability	9
Commercial Properties	9
28. Prepayment Privileges	9
29. Renewal Before Maturity	10
30. Multiproject Option	10
31. Discharges	10
32. Assignment of Rents	10
33. Bankruptcy of Chargor	10
34. Receivership	11
35. Environment	11
a) Definitions	11
b) Covenants	12
c) Indemnity	13
d) Right of access and other rights of the chargee	13
36. Spouse's Consent	13
37. Notification of Changes	13
38. Corporations	13
39. Business Administration	14
40. Adverse Change	14
41. Financial Statements and Information	14
42. Compliance with Laws	15
43. Notice	15
44. Severability of Invalid Provisions	15
45. Interpretation	15
46. Equivalent Interest Rates	16

DEFINITIONS

1. The parties hereto agree that the following terms shall for the purpose of this charge have the following meanings:

charge / mortgage: means Form 2, as prescribed from time to time under the *Land Registration Reform Act*, as that Act is amended from time to time, including any schedule attached thereto, and including this Set of Standard Charge Terms or the charge prepared in electronic format, including any schedule attached thereto and including the chargor's and any guarantor's acknowledgment and direction or other similar document authorizing the chargee to register the charge and/or other documents electronically and agreeing to be bound by the terms thereof, and any schedules attached thereto, and electronically registered pursuant to Part III of the *Land Registration Reform Act* as amended from time to time, in which this Set of Standard Charge Terms is referred to by its filing number, and this Set of Standard Charge Terms, as well as all renewals and amendments thereto;

chargee: shall include the successors and assigns of the chargee;

chargor: shall include the heirs, executors, administrators, successors and assigns of the chargor and anyone to whom the lands are transferred;

condominium corporation: means the condominium corporation referred to in the legal description of the lands;

declaration: means the declaration registered which relates to the condominium corporation;

guarantor: shall include the heirs, executors, administrators, successors and assigns of the guarantor;

indebtedness: means the principal amount of which the chargor is indebted and/or may or will become indebted to the chargee including amounts and/or liabilities pursuant to, in respect of, or arising under the charge or any other agreement, arrangement or document given by the chargor to the chargee or between the chargor and the chargee including those in renewal or replacement thereof, and any amendment thereof;

interest rate: means the interest rate set out in box 9(b) on page 1 of the charge, as amended, provided that if the chargor and the chargee have agreed in writing in any agreement that a different rate will apply to all or part of the indebtedness, then that different rate will apply;

lands: shall mean the lands more particularly described in box 5 on page 1 of the charge, as amended, together with all buildings, constructions and improvements whether affixed or otherwise, present or future, including without restricting the generality of the foregoing all fences, installations for heating, plumbing, air conditioning, ventilation, lighting, water heaters, stoves, refrigerators, storm windows and doors and all fixtures

principal or principal amount: means the amount set out in boxes 4 and 9(a) on page 1 of the charge, as amended.

STATUTORY COVENANTS EXCLUDED

2. The parties agree that the covenants deemed to be included in all charges by reason of section 7(1) of the *Land Registration Reform Act*, as amended from time to time, are excluded from this charge and replaced by the following covenants.

CREATION OF CHARGE

3. The chargor charges in favour of the chargee the lands described in the charge as security for the repayment of the indebtedness, the interest calculated at the rate shown in said charge, all costs and amounts payable hereunder and the performance of all covenants, obligations and provisos herein contained, in accordance with the terms stipulated in the charge, together with all remedies, rights and powers available at law of the chargee and under this charge, including the power of sale herein contained.

CHARGE VOID

4. Subject to the provisions of this charge, provided this charge to be void on payment to the chargee at its head office, or such other place as may be designated by the chargee, in lawful money of Canada, of the indebtedness and interest at the rate set out in the charge, calculated at the times indicated in the charge, as well after as before maturity, default or judgment, until fully paid, in accordance with the terms described hereunder, together with the payment of all other amounts payable hereunder, including all municipal taxes, rates, levies, charges or assessments, utility charges upon the lands and the observance by the chargor of all covenants, obligations and provisos contained herein.

Interest at the rate set out in the charge on the amounts from time to time advanced, computed from the respective dates of such advances until the interest adjustment date set out in the charge, shall become due and be paid on the interest adjustment date; thereafter, the indebtedness and interest thereon shall become due and be paid upon the terms and on the dates set out in the charge. Except as otherwise agreed in writing, payments or other moneys received by the chargee, including any proceeds received from the enforcement of the charge, may be applied by it on any part of the sums due under the charge determined by it from time to time, notwithstanding any contrary stipulation by the chargor.

INTEREST ON ARREARS

5. It is agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sums in arrear for interest from time to time, as well after as before maturity, shall bear interest at the rate set out in the charge. In the event that the interest and compound interest are not paid in two months from the time of default a rest shall be made, and compound interest at the rate set out in the charge shall be payable on the aggregate amount then due, as well before as after maturity, and so on from time to time. All such interest and compound interest shall be a charge upon the said lands.

ADVANCES OF PRINCIPAL

6. The chargor agrees that neither the preparation, execution nor registration of this charge shall bind the chargee to advance the principal amount secured under this charge. Similarly, the advance of a part of the principal amount secured under this charge shall not bind the chargee to advance any unadvanced portion thereof. Nevertheless this charge shall take effect forthwith upon execution thereof by the chargor, and the costs and expenses of the examination of title, all related searches and the preparation of this charge and valuation are to be secured by this charge in the event of the whole or any

balance of the principal amount not being advanced. These costs shall be a charge upon the said lands and shall without demand therefor, be payable forthwith with interest at the rate set out in the charge; and in default the chargee may exercise the power of sale and all its remedies, rights and powers available at law and under this charge.

MUNICIPAL TAXES

7. With respect to municipal taxes, school taxes, local improvement rates and all other taxes charged by a competent authority chargeable against the lands (hereinafter referred to as the "taxes"), it is agreed as follows:

- a) Subject to the provisions of this paragraph, the chargor shall pay all taxes chargeable against the lands as they fall due;
- b) The chargor agrees to provide to the chargee, as the chargee may require, receipts confirming the payment of said taxes within a period of thirty days following the date on which they were due;
- c) The chargee may deduct from the final advance of monies secured by this charge an amount sufficient to pay the taxes due at the time of such final advance;
- d) If required by the chargee, the chargor shall, each month, pay to the chargee one twelfth of the amount of the taxes due for the following year, as estimated by the chargee; the chargor shall also pay to the chargee on demand, the amount if any, by which the actual taxes exceed such estimated amount;
- e) The chargor shall pay interest at the rate set out in the charge on any debit balance, in the account maintained by the chargee with respect to taxes, after payment of taxes by the chargee, until such debit balance is fully repaid and such amount is payable forthwith, added to the charge and shall be a charge on the lands.

The chargee agrees to apply such deductions and payments on the taxes chargeable against the lands so long as the chargor observes the covenants contained in this charge; nothing herein contained shall obligate the chargee to apply such payments on account of taxes more often than yearly and the chargee shall not be obligated to pay interest or other indemnity on such payments. If before any sum paid to the chargee shall have been so applied to taxes, there is default by the chargor in respect of any payment due under the charge, the chargee may apply such sum to satisfy the payment in default. Nothing contained in this charge shall relieve the chargor of his obligation to pay the taxes to the extent that the amounts applied to taxes by the chargee are not sufficient to fully discharge the same. The chargor further covenants to provide to the chargee assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after receipt of same.

COVENANTS OF THE CHARGOR

8. The chargor hereby covenants and warrants to the chargee as follows:

PAYMENT OF PRINCIPAL, INTEREST AND OTHER SUMS AND OBSERVATION OF COVENANTS

a) The chargor covenants with the chargee to pay, without deduction or abatement, the amounts advanced under the charge and interest thereon in accordance with the provisions of the charge; and to pay and satisfy, as they fall due, all taxes, assessments, and other levies and statute labour levied or imposed by any municipal, local, parliamentary or other competent authority, which may now or hereafter be imposed, charged or levied upon the lands, including without limiting the generality of the foregoing, any hydro-electricity, gas, water or sewer charges, and when required shall leave the receipts therefor with the chargee; to do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations provided in the charge; and that in the event of default, the chargee shall have quiet possession of the lands free and clear from all encumbrances.

Without prejudice to the chargee's rights under section 44 of the *Credit Unions and Caisses populaires Act, 1994*, as amended from time to time, the chargor authorizes the chargee to withdraw from any account maintained by the chargor with the chargee, the instalments or any other amounts due under this charge.

The chargor covenants and warrants to the chargee that all obligations, remittances and source deductions owed or payable by the chargor pursuant to the *Income Tax Act*, the *Employment Insurance Act*, the *Canada Pension Plan Act*, the *Excise Tax Act*, the *Retail Sales Tax Act*, all as amended from time to time, and any other similar obligation under any applicable legislation (the "obligations") are up to date and have been paid in full. The chargor further covenants and agrees to pay such obligations as they become due. Where more than one advance is anticipated or occurs, the chargor further represents, warrants and agrees to provide satisfactory evidence to the chargee, prior to each advance, that any such obligations are up to date and have been paid in full. The chargor also irrevocably authorizes and directs all appropriate governmental authorities or agencies to provide any and all information to the chargee or the chargee's solicitors, from time to time, relating to any obligations that may be payable or outstanding by the chargor, either alone or with other parties.

AUTHORITY TO CHARGE LANDS

b) The chargor covenants with and warrants to the chargee that he has good right, full power and absolute authority to charge the said lands, in the manner set out in this charge.

TITLE

c) The chargor covenants with and warrants to the chargee that at the time of execution of this charge he has a good and indefeasible estate of inheritance in fee simple, to the said lands, free and clear of all charges, easements, reservations, equitable interests, and other interest of any kind whatsoever, except as disclosed by the records of the land registry office.

PRIOR ENCUMBRANCES

d) The chargor covenants with and warrants to the chargee that he has not by any act, omission, or consent permitted or done anything whereby the lands are or may hereafter be in any way encumbered by any charge, easement, equitable interest or any other interest whatsoever, except as disclosed in the records of the land registry office.

INSURANCE

e) The chargor covenants that he will forthwith insure the buildings now or hereafter erected on the lands for a sum which shall not be less than their full replacement value and during the continuance of this charge keep them insured in favour of the chargee against loss and damage by fire, and also by explosion, tempest, tornado, cyclone, lightning and such other risks or hazards as the chargee may require. The chargor shall deliver to the chargee at least fifteen days prior to the expiry of any insurance policy and at least five days prior to the effective date of any notice of cancellation, evidence that he has renewed or

replaced such insurance, failing which the chargee may provide therefor and charge the costs thereof and interest thereon at the charge rate to the chargor and the same shall be payable forthwith and shall also be a charge upon the lands. It is also agreed that the chargee may at any time require any insurance of the buildings to be cancelled and new insurance effected in a company to be named by the chargee. The chargee may of its own accord effect or maintain any insurance herein provided for, and any amount paid by the chargee therefor shall be payable forthwith by the chargor with interest at the charge rate and shall also be a charge upon the said lands. All policies of insurance shall provide that loss shall be payable to the chargee as its interest may appear and contain a charge clause in a form approved by the chargee. The chargee may, in its sole discretion, require that all monies received in the event of loss be applied in whole or in part in discharge of any of the monies due under the charge, whether due or not.

ACCELERATION ON DEFAULT

f) In default of payment of interest, of any instalment of principal, or of any other amount payable by the chargor, in whole or in part, under this charge, or in the event of default by the chargor in the observance of any of the covenants, obligations and provisos contained in this charge, the chargee may, in its sole discretion, demand immediate payment of the indebtedness, interest, and any other amounts due under the charge. In default of payment, the chargee may exercise all of its remedies, rights and powers available at law, and under this charge including the power of sale herein contained. It is agreed that the chargee may in writing waive its right to demand immediate payment of the indebtedness, interest, and any other amount due under the charge, but notwithstanding such waiver, the chargee may exercise such right at a later time, or in the event of any other default.

The chargor covenants with the chargee and warrants that in the event of non-payment of the principal moneys or interest, and all other amounts payable under this charge become due pursuant to this paragraph at the time or times provided, he shall not require the chargee to accept payment of said principal moneys without first giving three months' previous notice in writing or paying the indemnity calculated in accordance with the formula provided in paragraph 24(b) or (c) or paragraph 28 herein, as applicable. The chargor agrees that this indemnity constitutes a form of compensation payable in consideration for the chargor's full repayment of the indebtedness and is not a penalty.

DISTRESS

g) The chargee may distrain for arrears of interest, principal and with respect to all other amounts due under this charge. All costs incurred in connection with the chargee's exercise of its remedy of distress are payable by the chargor forthwith with interest at the charge rate and are a charge on the lands.

ENTRY ON DEFAULT

h) In default of the payment of interest, of any instalment of principal, or of any other amount payable by the chargor, in whole or in part, under this charge, or in the event of default by the chargor in the observance of any of the covenants, obligations and provisos contained in this charge, the chargee may take possession of the lands and shall have quiet possession of the lands free and clear from all charges, executions or other encumbrances without the let, suit, hindrance, interruption or denial of the chargor.

FURTHER ASSURANCES

i) At all times, the chargor and any person who shall have a right or claim against the whole or any part of the lands will, at the chargor's expense, execute, deliver or obtain any deed or other instrument and do anything which the chargee or its solicitor may deem necessary for the further, better and more perfectly and absolutely conveying and assuring the lands hereby charged unto the chargee and such expenses shall be payable forthwith by the chargor, with interest at the charge rate and shall be a charge on the lands.

REPAIR

j) The chargor will keep the lands and the buildings and improvements now or hereafter erected thereon in good condition and repair and the chargee may, whenever the chargee deems necessary, in person or through an agent enter upon and inspect the said lands and premises and make such repairs as the chargee deems necessary. The costs of such inspection and repairs with interest at the rate set forth in the charge shall be payable forthwith by the chargor and be a charge upon the said lands. If the chargor shall neglect to keep the said lands and premises in good condition and repair or commits or permits any act of waste on the said lands (as to which the chargee shall be the sole judge) the chargee may demand the immediate payment of the indebtedness secured, interest thereon, and any other amount due under the charge and in default of payment, the chargee may exercise all of its remedies, rights and powers available at law and under this charge, including the power of sale herein contained. The chargor also covenants to forthwith advise the chargee of any order or notice relating to the lands issued by any competent authority and the chargor further agrees that the existence of any such order or notice shall constitute a default under this charge and in such event, the chargee may exercise all of its remedies, rights and powers available at law and under this charge, including the power of sale herein contained.

POWER OF SALE

k) In the event of default of payment of the indebtedness or interest, in whole or in part, or in the observing, performing, fulfilling or keeping of one or more of the covenants, obligations and provisos contained in the charge, the chargee may enter into possession of the lands hereby charged and take the rents and profits and, whether in or out of possession of the lands, may make any lease thereof as the chargee shall think fit.

Further, in the event of default, in any payment of the indebtedness or interest in whole or in part, or in the observing, performing, fulfilling or keeping of one or more of the covenants, obligations and provisos contained in the charge, and fifteen days shall have thereafter elapsed without such default having been remedied, the chargee may, after giving thirty-five days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, as amended from time to time, without any further consent or concurrence of the chargor, sell and absolutely dispose of the lands hereby charged or any part or parts thereof, by public auction or private contract, or partly by private contract and partly by public auction, as the chargee shall see fit, and may convey and assure the same when so sold unto the purchaser or purchasers, his or their heirs, executors, successors, administrators and assigns, and execute and do all such things as may be found necessary for the purposes aforesaid. The chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default.

The production of these presents shall be conclusive evidence of default, as also of the continuance of the said indebtedness and interest or some part thereof.

After such sale or sales as herein provided, the chargee shall stand and be possessed of the monies to arise and be produced by such sale or sales, or which shall be received by the chargee by reason of any insurance upon the said premises upon the following trusts:

Firstly to pay and satisfy the costs and charges of preparing for and making sales, leases and conveyances as aforesaid or attempted sales, leases or conveyances, and all other costs, charges, damages and expenses which the chargee shall bear, sustain or be put to for taxes, rents, insurances and repairs and all other costs which may be incurred in and about the execution of any of the trusts hereby reposed;

Secondly, to pay and satisfy the interest and indebtedness hereby secured or so much thereof as shall remain due and unsatisfied up to and inclusive of the day whereon the indebtedness shall be paid and satisfied;

To the extent that a surplus remains after full payment and satisfaction of the amounts due under this charge, the chargee shall apply such surplus towards the payment of subsequent encumbrancers according to their priorities pursuant to all applicable laws and the chargee shall pay such surplus to the chargor or as he shall direct and appoint and shall in such event, at the request and cost of the chargor, transfer, release and assure unto the chargor or to such person or persons as he shall direct and appoint, all such part of the lands hereby charged as shall remain unsold for the purposes aforesaid, free and absolutely discharged from all claim from the chargee.

Provided always, and it is hereby further declared and agreed that notwithstanding the power of sale and the other powers and provisions contained in the charge, the chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the chargor in the lands hereby charged as fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos in trust incident thereto had not been herein contained.

It is further agreed that any notices shall be given in such manner and to such persons as may be lawfully required pursuant to the *Mortgages Act*, as amended from time to time, at the time when such notices are given and in the absence of any such requirement in the *Mortgages Act*, as amended from time to time, or to the extent that such requirements shall not be applicable, such notices may be effectually given either by leaving the same with a grown up person on the said lands, if occupied, or by placing it thereon if unoccupied, or, at the option of the chargee, by mailing the same in a registered letter addressed to the chargor at his last known address or by publishing the same once in some newspaper published in the county or district in which the said lands are situated; any notice shall be sufficient though not addressed to any person by name or designation and notwithstanding any person or persons to be affected thereby may be unborn, unascertained or under disability.

The chargee may sell any part of the said lands on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can be obtained after reasonable efforts. The chargee may bid or buy the lands at the time of such sale, and may rescind or vary any contract for the sale of the whole or any part of the said lands and resell without being held liable or answerable for loss occasioned thereby. In the case of a sale on credit, the chargee shall be bound to pay to the chargor only such monies as have been actually received from the purchaser after the satisfaction of the claims of the chargee. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by expressed notice that any sale or lease is improper. No want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

The chargor agrees that he will reimburse the chargee for legal fees and disbursements (calculated on a solicitor-client basis), real estate commissions and all other costs incurred by the chargee in exercising the powers of sale herein contained and all such fees, commissions and other costs shall bear interest at the rate provided in the charge, shall be payable by the chargor forthwith and shall be a charge on the lands.

SALE OF THE LANDS

9. a) In the event of a sale or other transfer whether voluntary or involuntary, in whole or in part, of the lands, by the chargor, the chargee may demand immediate payment of the indebtedness together with interest accrued thereon and all other amounts payable under the charge, together with an indemnity calculated in accordance with the formula provided in paragraph 24(b) or (c) or paragraph 28 herein, as applicable. The chargor covenants that such indemnity constitutes a form of compensation payable in consideration for the chargor's full repayment of the indebtedness and is not a penalty.

b) It is agreed that no sale or other dealing by the chargor with the said lands shall in any way change the liability of the chargor or in any way alter the remedies, rights and powers of the chargee available at law and under this charge as against the chargor or any other person liable for payment of the monies secured under this charge.

SUBSEQUENT CHARGE

10. In the event that the chargor gives a charge on the lands to another chargee without obtaining the chargee's prior consent, the chargee may, at its sole option and discretion, demand full repayment of the indebtedness, interest and all other amounts payable under the charge forthwith, together with an indemnity calculated in accordance with the formula provided in paragraph 24(b) or (c) or paragraph 28 herein, as applicable. The chargor covenants that such indemnity constitutes a form of compensation payable in consideration for the full repayment of the indebtedness by the chargor and is not a penalty.

PAYMENTS BY CHARGE

11. It is agreed that the chargee may pay all premiums of insurance and all taxes, rates and utility and heating charges which shall from time to time fall due with respect to the said lands, and be unpaid by the chargor. Any such payments made by the chargee together with all costs, charges, legal fees (as between solicitor and client) and expenses incurred in taking, recovering and keeping possession of the said lands, and for negotiating this loan, investigating title, and registering this charge and other necessary deeds, and all costs incurred in any other proceedings taken in connection with or to realize this security (including real estate commissions incurred in leasing or selling the said lands), shall bear interest at the rate set forth in this charge and be a charge upon the said lands in favour of the chargee. The chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the said lands and all amounts incurred for any such purpose shall likewise be a charge upon the said lands in favour of the chargee. It is hereby further agreed that all amounts paid by the chargee as aforesaid shall be added to the debt hereby secured and shall be payable by the chargor forthwith with interest at the rate set out in this charge. In default of payment of any obligation under this paragraph 11, the chargee may demand immediate payment of the indebtedness, interest thereon and any other amount due under the charge and may exercise all its remedies, rights and powers available at law and under this charge including the power of sale herein contained.

ONTARIO NEW HOME WARRANTIES PLAN ACT

12. In the event the chargee incurs any cost or expense of any nature or kind in any way arising from or relating to the *Ontario New Home Warranties Plan Act*, as amended from time to time, or the regulations thereunder, including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under this Act or enrolling the housing unit(s) located on the mortgaged lands or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such costs and expenses shall be added to the debt secured under the charge and

be a charge on the said lands and shall bear interest at the rate set forth in the charge, and shall be payable forthwith by the chargor to the chargee.

FIXTURES

13. It is hereby mutually covenanted and agreed that all erections, improvements and fixtures now or hereafter put upon the lands, including but without limiting the generality of the foregoing, all buildings, structures, fences, heating, piping, plumbing, aerials, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment pertinent thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the lands and shall be a portion of the security for the indebtedness secured under this charge.

CONSTRUCTION LIEN ACT

14. At the time of each advance, the chargor shall ensure that there shall be full and complete compliance with all requirements of the *Construction Lien Act*, as amended from time to time, and the chargor shall submit to the chargee, in form and content satisfactory to the chargee, evidence of such compliance. The chargor agrees that the chargee shall be entitled to withhold from any advance, or pay into court as an advance, such amounts as the chargee, in its sole discretion, considers advisable to protect its interests under the provisions of the said act, and to secure the priority of the charge over any actual or potential construction liens. Nothing in this paragraph shall be construed to make the chargee an "owner" or "payer" as defined by the said act, nor shall there be, or be deemed to be, any obligation by the chargee to retain any holdback or otherwise or to maintain on the chargor's behalf any holdback which may be required to be made by the owner or payer. Any such obligation shall remain solely the chargor's obligation. The chargor hereby covenants and agrees to comply in all respects with the provisions of the said act.

If a construction lien is filed against all or part of the lands, then the chargor shall have the lien vacated or discharged forthwith. If the chargor fails to do so, then the indebtedness, interest and any other amounts payable under this charge shall, at the option of the chargee forthwith become due and payable and the chargee may exercise all its remedies, rights and powers available at law and under this charge, including the power of sale herein contained. In addition to its other rights provided herein, the chargee shall be entitled to pay into court a sum sufficient to obtain an order vacating such lien or to purchase a financial guarantee bond in the form prescribed under the said act. All costs, charges and expenses incurred by the chargee in connection with such payment into court or in connection with the purchase of a financial guarantee bond or in connection with any legal proceedings described below, together with interest thereon at the interest rate herein provided, shall be added to the sums payable and secured by the charge and shall be payable forthwith by the chargor to the chargee. If any person that performs work, labour or services or that provides materials to or for the lands, names the chargee as a party to any legal proceedings which it takes to enforce a construction lien or trust claim, the chargor agrees to reimburse the chargee for, and indemnify the chargee against any and all legal expenses (on a solicitor and his own client basis) incurred by the chargee in such legal proceedings.

BUILDING MORTGAGE

15. The chargor agrees that if the charge is a charge taken with an intention to secure the financing of any improvements on the lands, or if the charge is taken out to repay any such charge, the following conditions shall apply:

All construction on the lands shall be carried out by reputable contractor(s) with sufficient experience in a project of the nature and size contemplated, and whose construction contract(s) must be previously approved by the chargee in writing, which approval may be unreasonably withheld.

The renovations to, or construction of, any buildings, structures and improvements on the lands, shall be performed in a good and workmanlike manner, with all due diligence and in accordance with the plans and specifications delivered to and approved by the chargee, which approval may be unreasonably withheld, and to the satisfaction of all governmental and regulatory authorities having jurisdiction.

The chargor further covenants and agrees that all advances are to be made in such manner, at such times and in such amounts as the chargee, in its sole discretion may determine and subject always to the provision to which the chargor hereby agrees that notwithstanding the execution or registration of the charge or the advancement of any part of the monies, the chargee is not bound to advance the monies or any unadvanced portion thereof nor make or incur any further loan advance or liability to or for the chargor or any other party and the advance of the monies and any part thereof or the making of any loans or advances or the incurring of any liability on behalf of the chargor from time to time shall be in the sole discretion of the chargee whatever the purpose of this charge. Without limiting the generality of the foregoing, the chargor covenants and agrees to provide to the chargee, prior to each advance, statutory declarations sworn by the chargor or, if the chargor is a corporation, by an officer of the chargor, and outlining the particulars of all contracts entered into by the chargor in respect of the supply of services or materials to any improvements on the lands. Such statutory declarations shall be acceptable to the chargee as to form and content. In addition, the chargor covenants and agrees to produce such contracts for examination by the chargee if and whenever the chargee shall so require.

Provided that should construction on the lands cease for any reason whatsoever (strikes, material shortages and weather conditions beyond the control of the chargor excepted) for a period of at least ten (10) consecutive days, then the indebtedness, interest and any other amount payable under the charge, at the option of the chargee, shall immediately become due and payable and the chargee may exercise all its remedies, rights and powers available at law and under this charge, including the power of sale herein contained. In the event that construction does cease, then the chargee shall also have the right, at its sole option, to assume complete control of the construction in such manner and on such terms as it deems advisable. The cost of completion incurred by the chargee and all costs and expenses incidental thereto, together with a management fee of fifteen percent (15%) of the cost of such construction, shall, at the option of the chargee, be added to the sums payable and secured by the charge together with interest thereon at the interest rate herein provided, and shall be payable by the chargor.

Without limiting the generality of the foregoing, at all times the chargee shall be entitled to retain, unadvanced, that portion of the principal amount required, in its sole opinion, to complete the construction on the lands as well as an amount equal to the aggregate of all holdbacks required to be maintained by an "owner" under the *Construction Lien Act*, as amended from time to time.

ALTERATIONS

16. The chargor covenants that the chargor will not make or permit to be made any alterations or additions to the lands without the prior consent of the chargee, which consent may be unreasonably withheld, and any failure by the chargor to fulfil this covenant shall constitute a default under this charge and, in the event of default, the chargee shall be entitled to exercise all its remedies, rights and powers available at law and under this charge, including the power of sale herein contained.

DEFAULT IN PRIOR CHARGES

17. The chargee and the chargor covenant and agree that, should default be made by the chargor in the observance or performance of any of his obligations or covenants pursuant to any agreements, provisos or conditions contained in any mortgage or charge to which this charge is subject, the indebtedness, interest and all other amounts due and payable under this charge shall, at the option of the chargee, forthwith become due and payable and all remedies, rights and powers available to the chargee at law and under this charge may be exercised by the chargee, including the power of sale herein contained.

WAIVER OF DEFAULT

18. The chargor agrees that the chargee may in writing at any time or times after default under this charge waive such default and forego its right to demand immediate payment of the full amount of indebtedness, interest accrued thereon and any other amount due under the charge, but any such waiver shall apply only to the particular default and shall not operate as a waiver of any other or future default.

PARTIAL RELEASES

19. The chargee may at its discretion at all times release any part or parts of the said lands or any other security or any surety for the principal amount and interest secured by this charge, either with or without any sufficient consideration therefor, without being accountable to the chargor except for any monies actually received by the chargee, without responsibility therefor, and without thereby releasing any other part of the said lands or any person from this charge or from any of the covenants herein contained. It is expressly agreed that every part or lot into which the said lands are or may hereafter be divided does and shall stand charged with the whole principal amount secured under this charge and no person shall have the right to require the principal amount to be apportioned.

EXTENSIONS

20. No extension of time given by the chargee to the chargor or anyone claiming under him or any other dealing by the chargee with the owner or owners of the said lands or of any part thereof shall in any way affect or prejudice the rights of the chargee against the chargor or any other person liable for the payment of the indebtedness and interest secured under this charge. This charge may be renewed by an agreement in writing or in accordance with the provisions of the next following paragraph at maturity for any term notwithstanding that there may be subsequent encumbrancers. It shall not be necessary to register any such agreement in order to retain priority of this charge and the amounts secured thereunder including interest, even if the rate thereof should be increased over any instrument registered subsequent to this charge.

The chargee may, prior to maturity, advise the chargor by written notice that it is willing to extend or renew this charge upon such terms and conditions as may be specified in the notice. In such event this charge will be renewed for a term of one year or for a lesser term, at the option of the chargee, in accordance with the terms and conditions set out in the notice unless the chargor delivers to the chargee a duly executed renewal form indicating his choice of another renewal period offered in the notice or unless the indebtedness, interest and all other sums due under the charge are repaid in full on the date of maturity thereof; and the chargee may withdraw from any of the chargor's accounts, the renewal fee and all instalments due thereafter. The chargor further agrees to execute such further and other documentation as may be required by the chargee to give effect to such renewal, and to enable its registration on title.

Nothing contained in this paragraph shall confer any right of renewal upon the chargor.

JUDGMENTS

21. The taking of a judgment on any of the covenants herein contained shall not operate as a merger of the said covenant or affect the chargee's rights including the right to interest at the rate and times provided in this charge; further any judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in this charge until the said judgment shall have been fully paid and satisfied.

GUARANTOR(S)

22. In the event that one or more persons designated as guarantors have executed the charge or any schedule attached thereto, the following shall apply:

The guarantor or if more than one, each of them jointly and severally, in consideration of the chargee making the loan secured by this charge to the chargor, guarantees to the chargee, the payment of the principal sum and interest thereon at the rate provided in this charge and performance and observance by the chargor of all covenants, obligations and provisos contained in the charge.

The guarantor acknowledges that he is responsible as principal debtor and agrees that the chargee may, without notice to the guarantor, and without limiting or varying the guarantor's liability hereunder, grant extensions, renewals, time, discharges, releases, take other security, release or abandon any security in whole or in part, abstain from taking other sureties or guarantees, or from realizing on sureties or guarantees in its possession, accept proposals and otherwise deal with the chargor or any other person including other guarantors, without releasing, diminishing, or limiting in any way the responsibilities or obligations of the guarantor to the chargee. The guarantor further acknowledges that his liability to the chargee shall not be lessened, limited or varied by any deficiency or insufficiency of the security under this charge nor by any other thing whatsoever including the bankruptcy or insolvency of the chargor, the dissolution of the chargor, if a corporation, or any want of capacity, moratorium or other circumstances rendering the obligations of the chargor void or unenforceable and nothing save the payment in full of the principal amount, all interest and all other amounts due under this charge and the performance of all obligations and covenants under this charge shall discharge the guarantor. The guarantor further acknowledges that the chargee shall not be bound to have recourse or to exhaust its recourse against the chargor or against any other person or persons or against any security under this charge or otherwise before enforcing the chargee's remedies, rights and powers available at law and under this charge against the guarantor.

CONDOMINIUM

23. The following provisions apply to any condominium unit that is part of the charged lands:

a) The chargor covenants to comply with the *Condominium Act, 1998*, as amended from time to time, the declaration, the by-laws and rules of the condominium corporation and agrees to provide to the chargee copies of any notices, assessments, by-laws, rules and financial statements provided to him by the condominium corporation, as amended from time to time; and the chargor agrees that any violation of his obligations hereunder shall constitute a violation of a covenant pursuant to the charge;

b) The chargor covenants that he will insure all improvements which he or previous owners have made to the unit. This provision is in addition to and does not in any way diminish the chargor's obligations under paragraph 8(e) herein;

c) The chargor irrevocably authorizes the chargee to exercise the chargor's right to vote or consent with respect to any matter submitted to members of the condominium corporation for a vote or consent. In the event that the chargee does not exercise such rights, the chargor may exercise them and the chargor hereby covenants and agrees to exercise his voting or consent rights in accordance with any direction given by the chargee; The chargee shall have no obligation to vote or consent or otherwise protect the chargor's interests by reason of the chargor's assignment of his right to vote or consent. The chargee's exercise of the right to vote or consent shall not have the effect of deeming the chargee to be a chargee in possession;

d) The chargor covenants to pay promptly when due any contributions to regular common assessments and special assessments required by him as an owner of the lands and in the event the chargor defaults in doing so or fails to observe the provisions contained in the *Condominium Act, 1998*, as amended from time to time, the declaration or the by-laws and rules of the condominium corporation, as amended from time to time, the chargee may effect such compliance and any charges or costs incurred thereby by the chargee shall be payable forthwith, together with interest at the rate set out in the charge and shall be a charge against the lands.

RESIDENTIAL PROPERTIES

Unless otherwise provided, paragraphs 24, 25, 26 and 27 apply only to owner-occupied type residential use dwellings with four or less units.

PREPAYMENT PRIVILEGES

24. a) When not in default, the chargor may reimburse before maturity, without indemnity, in one or several payments of no less than one hundred dollars (\$100) each, an amount not exceeding fifteen percent (15%) of the original principal amount of the charge. This privilege is valid for each year of the term of the charge or for each term if shorter than one (1) year, and shall not be cumulative. Each year is defined as the twelve month period starting on the interest adjustment date or the anniversary of that date.

b) Subject to the terms of this paragraph 24, when not in default, the chargor may, at any time, prepay before maturity, in part or in full, the indebtedness or portion thereof bearing interest at a fixed rate, provided however that he pays to the chargee an indemnity equal to the greater of:

i) an amount equal to three (3) months' interest on the amount prepaid, at the interest rate then applicable to the indebtedness or portion thereof; or

ii) an amount equal to the interest calculated on the amount prepaid, until the maturity date, at an interest rate corresponding to the difference between the interest rate then applicable to the indebtedness or portion thereof and the interest rate then in force at the chargee for a single family residential mortgage loan of the same priority containing the same prepayment privileges and otherwise upon the same terms and conditions as are applicable to the indebtedness or portion thereof, with a term of:

- one (1) year if, at the time of the payment, less than twenty-four (24) months are left before the indebtedness or portion thereof matures;
- two (2) years if, at the time of the payment, from twenty-four (24) to thirty-six (36) months are left before the indebtedness or portion thereof matures;
- three (3) years if, at the time of the payment, from thirty-six (36) to forty-eight (48) months are left before the indebtedness or portion thereof matures;
- four (4) years if, at the time of the payment, from forty-eight (48) to sixty (60) months are left before the indebtedness or portion thereof matures;
- five (5) years if, at the time of the payment, sixty (60) months or more are left before the indebtedness or portion thereof matures.

However, if the payment is made less than three (3) months before the indebtedness or portion thereof matures, the indemnity shall not exceed the interest at the rate then applicable to the indebtedness or portion thereof, calculated on the amount prepaid from the date of the prepayment to the maturity date of the indebtedness or portion thereof.

c) Subject to the terms of this paragraph 24, when not in default, the chargor may at any time prepay before maturity, in part or in full, the indebtedness or portion thereof bearing interest at a variable rate, provided however that he pays to the chargee an indemnity equal to three months' interest on the amount prepaid, at the interest rate then applicable to the indebtedness or portion thereof. However, if the payment is made less than three months before the indebtedness or portion thereof matures, the indemnity shall not exceed the interest at the rate then applicable to the indebtedness or portion thereof, calculated on the amount prepaid from the date of the prepayment to the maturity date of the indebtedness or portion thereof.

d) The chargor may at any time prepay before maturity, in part or in full, without paying an indemnity the indebtedness or portion thereof that is open.

The indemnity shall be calculated in every case on the total amount prepaid notwithstanding paragraph (a) above.

A partial prepayment shall not release the chargor from his obligation to continue making the payments herein specified.

The chargor covenants that this indemnity is a form of compensation payable in consideration for the repayment made by the chargor as provided herein and is not a penalty.

INCREASE OF REGULAR PAYMENTS

25. When not in default, the chargor may, at any time but only once per year of the term or per term if shorter than one (1) year, increase the amount of his regular payments to a maximum of twice their amount, without paying an indemnity. A year is defined as the twelve month period starting on the interest adjustment date or the anniversary of that date. The chargor may thereafter reduce the amount of his payments to the amount in effect before the increase. In both cases, he is required to sign an agreement to that effect and pay the administration charges applicable thereto, if any.

RENEWAL BEFORE MATURITY

26. When not in default, the chargor may request that the chargee, any time before the date at which the balance of the indebtedness or portion thereof becomes due, extend the term of the charge applicable thereto and set new interest and repayment, prepayment and other terms and conditions. If the chargee agrees, which agreement may be unreasonably withheld, the chargor shall pay the renewal charges then in force at the chargee plus an indemnity corresponding to the indemnity calculated in accordance with paragraph 24(b) or (c) hereof, as applicable.

PORTABILITY

27. If the property consists of a single family residence and the chargor is not in default, the chargee, subject to the conditions which follow, may allow the chargor to transfer to a new single family residence owned and occupied by the chargor (the "new dwelling") a charge (the "new charge") made upon the same terms and conditions as this charge, including the interest charged upon the balance of the principal amount secured.

To avail himself of this privilege, the chargor shall submit to the chargee a loan application in respect of the new charge and shall comply with all requirements and policies of the chargee concerning new loans in effect at such time. If the new charge satisfies the chargee's lending requirements and policies and if the application for the new charge is approved, which approval may be unreasonably withheld, a discharge will be provided in respect of the single family residence originally charged following registration at the expense of the chargor of the new charge against the new single family residence. The chargor will, under these circumstances, be exonerated from payment of the indemnity which would otherwise be payable as a result of prepayment of the charge except to the extent that the new charge secures a lesser amount than the principal amount outstanding under this charge. The chargor will pay all costs and expenses of and incidental to the approval, taking, preparation, execution and registration of the new charge and discharge, including the chargee's usual administration fees.

The chargor may request that the principal amount outstanding under the charge at the time of the transfer (the "initial principal") be increased and if the chargee approves of the increase, which approval may be unreasonably withheld, the additional amount shall bear interest at the rate of interest in effect at the time it is advanced. The chargee may request that a single rate of interest be stipulated in the new charge representing the weighed average of the rates applicable to the initial principal and additional amount respectively. A similar blend will also occur where the due date for the new charge exceeds or precedes the due date of the initial principal.

COMMERCIAL PROPERTIES

Paragraphs 28 and 29 apply only to income producing non-owner occupied type properties or commercial properties or a combination thereof.

PREPAYMENT PRIVILEGES

28. When not in default, the chargor may at any time prepay before maturity, in part or in full, the indebtedness or portion thereof:

- a) bearing interest at a fixed rate, provided however that the chargor pay to the chargee an indemnity equal to the greater of:
 - i) an amount equal to three (3) months' interest on the amount prepaid, at the interest rate then applicable to the indebtedness or portion thereof; or
 - ii) an amount equal to the interest calculated on the amount prepaid, until the maturity date, at an interest rate corresponding to the difference between the interest rate then applicable to the indebtedness or portion thereof and the interest rate then in force at the chargee for a secured loan having risk assessment characteristics deemed comparable to the indebtedness or portion thereof by the chargee, and with a term of:
 - one (1) year if, at the time of the payment, less than twenty-four (24) months are left before the indebtedness or portion thereof matures;
 - two (2) years if, at the time of the payment, from twenty-four (24) to thirty-six (36) months are left before the indebtedness or portion thereof matures;
 - three (3) years if, at the time of the payment, from thirty-six (36) to forty-eight (48) months are left before the indebtedness or portion thereof matures;
 - four (4) years if, at the time of the payment, from forty-eight (48) to sixty (60) months are left before the indebtedness or portion thereof matures;
 - five (5) years if, at the time of the payment, sixty (60) months or more are left before the indebtedness or portion thereof matures.

However, if the payment is made less than three (3) months before the indebtedness or portion thereof matures, the indemnity shall not exceed the interest at the rate then applicable to the indebtedness or portion thereof, calculated on the amount prepaid from the date of the prepayment to the maturity date of the indebtedness or portion thereof.

- b) bearing interest at a variable rate, provided however that he pays to the chargee an indemnity equal to three months' interest on the amount prepaid, at the interest rate then applicable to the indebtedness or portion thereof. However, if the payment is made less than three months before the indebtedness or portion thereof matures, the indemnity shall not exceed the interest at the rate then applicable to the indebtedness or portion thereof, calculated on the amount prepaid from the date of the prepayment to the maturity date of the indebtedness or portion thereof. Furthermore, no indemnity shall be payable if the chargor demonstrates, to the chargee's satisfaction, in its sole and absolute discretion, that the amounts prepaid originate from funds generated by the business firm operation, or a new capital stock issued by the chargor, or equity injection by the owners, partners or shareholders of the chargor, or the proceeds from the disposition of the property financed by the charge and not from any new financing or refinancing.

c) without paying an indemnity where the indebtedness or portion thereof is open.

A partial prepayment shall not release the chargor from his obligation to continue making the payments herein specified.

The chargor covenants that this indemnity is a form of compensation payable in consideration for the repayment made by the chargor as provided herein and is not a penalty.

RENEWAL BEFORE MATURITY

29. When not in default, the chargor may request that the chargee, any time before the date at which the balance of the indebtedness or portion thereof becomes due, extend the term of the charge applicable thereto and set new interest and repayment, prepayment and other terms and conditions. If the chargee agrees, which agreement may be unreasonably withheld, the chargor shall pay the renewal charges then in force at the chargee plus an indemnity corresponding to the indemnity calculated in accordance with paragraph 28 hereof, as applicable.

MULTIPROJECT OPTION

30. No act of the chargee, such as an extension or a delay granted as herein provided shall affect the rights of the chargee as against the chargor with respect to the payment of the principal amount secured under this charge. Notwithstanding repayment, in whole or in part, of the loan secured by this charge, or of any amount secured under this paragraph, in accepting this charge, the chargee agrees that the chargor may request an advance of new sums already repaid as if they had never been used to the extent that the total indebtedness does not exceed the principal amount of the charge. The chargor's request for such advance must be made in writing and must clearly specify the reason for the loan. The chargee may, in its sole discretion, accept or refuse the request without prejudice whatsoever to its rights under this charge. If the chargee accedes to the chargor's request, the chargor covenants to pay all administrative fees incurred by the chargee, if required by the chargee. Upon acceptance of the chargor's request and payment of the administration fees by the chargor, the charge and all other mortgages, charges and other security provided herein will secure the repayment to the chargee of any amount so advanced of principal, interest, costs and ancillary expenses and all the provisions of this charge and the most recent renewal agreement will continue to apply.

Furthermore and without limiting whatsoever the generality of the foregoing, the chargee agrees that the chargor may request an extension or delays, which request must be made in writing. The chargee, in its sole discretion, may accept or refuse such request without prejudice whatsoever to its rights under this charge.

With respect to all amounts advanced in accordance with this paragraph, all references made to the indebtedness or the charge shall also include a reference to the amounts subsequently advanced and, the entire advance must be made within the time limits determined by the chargee, in its sole discretion, failing which the chargee may, in its sole discretion, refuse to make any other advance and its prior acceptance will in such event be deemed to have been revoked. The chargee shall however maintain all its remedies, rights and powers available at law and under this charge, and nothing of the foregoing shall be interpreted so as to deprive the chargee of its remedies, rights and powers available under the charge and at law for such sums already advanced.

In addition to all the costs provided for in this paragraph, the chargor shall pay all renewal fees as provided herein.

The chargor may waive at any time his right to request further advances to the chargee in accordance with this paragraph by giving written notice to this effect to the chargee. This waiver will not affect and will not prejudice the remedies, rights and powers of the chargee available at law and under this charge for sums already advanced.

DISCHARGES

31. Subject to the provisions of this charge, after receipt in full of the indebtedness, together with interest and all amounts due under this charge or upon forgiveness in full by the chargee, the chargee shall prepare and execute a discharge of this charge and shall have a reasonable amount of time to do so. An administrative charge and legal and other expenses incurred for the preparation of such discharge shall be borne and paid by the chargor prior to his entitlement to receive an executed discharge of the charge.

ASSIGNMENT OF RENTS

32. For due consideration and as security for the repayment of all amounts payable by the chargor to the chargee under this charge and the performance and observance of all the obligations contained in this charge, the chargor does assign, transfer and set over onto the chargee all rents payable from time to time under all leases of the charged lands or any part thereof, whether such leases are presently existing or created or arise in the future together with the benefit of all covenants, agreements and provisos contained in the said leases in favour of the chargor including the benefit of all guarantees and indemnities contained therein or related thereto and does grant and charge onto the chargee the reversion to all such leases. The chargor covenants that he will, after making a lease of the charged lands or any part thereof, forthwith execute and deliver to the chargee, an assignment in the chargee's usual form of all rents payable under the said lease, and will execute and deliver to the chargee all such notices and other documents as may be required by the chargee to make such assignment effectual in law. Provided however that notwithstanding anything herein contained, no lease of the charged lands or any part thereof made hereafter by the chargor without the consent in writing of the chargee, which consent may be unreasonably withheld, shall have priority over this charge or any renewal or extension thereof. Provided further that nothing herein contained shall make the chargee responsible for the collection of rents payable under any lease of the charged lands or any part thereof or for the performance of any covenants, terms or conditions contained in any such lease and the chargee shall not by virtue of these presents be deemed a chargee in possession of the charged lands. The chargee gives to the chargor, provided the chargor is not in default under the charge, the right to collect rents until default under this charge and the chargee shall be liable to account to the chargor for only such rents as actually coming to his hands less reasonable collection charges in respect thereof.

BANKRUPTCY OF CHARGOR

33. The chargor and the chargee covenant and agree that in the event the chargor makes an assignment for the benefit of creditors or is the subject of an execution or distress or is bankrupt or insolvent, the charge shall be deemed to be in default and the chargee may exercise all of its remedies, rights and powers available at law and under this charge, including the power of sale herein contained.

RECEIVERSHIP

34. Notwithstanding anything herein contained, it is declared and agreed that at any time and from time to time when there shall be default under the provisions of these presents, the chargee may, at such time and from time to time and with or without entry into possession of the lands, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the chargee or not, to be a receiver of the lands, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that, in making any such appointment or removal, the chargee shall be deemed to be acting as the agent or attorney for the chargor, but no such appointment shall be revocable by the chargor. Upon the appointment of any such receiver the following provisions shall apply:

- (a) Every such receiver shall have unlimited access to the lands as agent and attorney for the chargor (which right of access shall not be revocable by the chargor) and shall have full power and unlimited authority to:
 - (i) collect the rents and profits from tenancies or operation of the lands whether created before or after the charge,
 - (ii) rent or operate any portion of the lands which may become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases,
 - (iii) complete the construction of any building or buildings or other erections or improvements on the lands left by the chargor in an unfinished state or award the same to others to complete and purchase, repair and/or maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description,
 - (iv) manage, operate, repair, alter or extend the lands or any part thereof.

The chargor undertakes to ratify and confirm whatever any such receiver or agent may do.

- (b) The chargee may at its discretion vest the receiver with all or any of the rights and powers of the chargee.
- (c) The chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the lands.
- (d) Every such receiver shall be deemed the agent or attorney of the chargor and not, in any event, the agent of the chargee and the chargee shall not be responsible for his acts or omissions.
- (e) The appointment of any such receiver by the chargee shall not result in or create any liability or obligation on the part of the chargee to the receiver or to the chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the chargee a chargee in possession of the lands.
- (f) No such receiver shall be liable to the chargor to account for monies other than monies actually received by him in respect of the lands, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:
 - (i) the receiver's remuneration as aforesaid;
 - (ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of his remedies, rights and powers available at law and authority hereby conferred;
 - (iii) interest, principal and other money which may, from time to time, be or become charged upon the lands in priority to the charge, including taxes;
 - (iv) to the chargee all interest, principal and other amounts due under the charge to be paid in such order as the chargee in its discretion shall determine;
 - (v) and thereafter, every such receiver shall be accountable to the chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the chargor on demand and shall be a charge on the lands and shall bear interest from the date of demand at the same rate as applies to the principal secured by this charge.

- (g) Save as to claims for accounting under sub-paragraph (f) of this paragraph, the chargor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not which arise or be caused to the chargor or any person claiming through or under him by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.
- (h) The chargee may, at any time and from time to time, terminate any such receivership by notice in writing to the chargor and to any such receiver.
- (i) The statutory declaration of an officer of the chargee as to default under the provisions of the charge and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.
- (j) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other remedies, rights and powers available at law which the chargee may have.

ENVIRONMENT

Definitions

35. (a) The following definitions apply to this paragraph:

abutting property: means any property which abuts or is contiguous to the project.

adverse effect: means one or more of the following:

- i) impairment of the quality of the natural environment for any use that can be made of it,
- ii) injury or damage to property, plant or animal life,
- iii) harm or material discomfort to any person,
- iv) alteration to the health of any person, animal or vegetation,
- v) impairment of the safety of any person,
- vi) rendering any property, plant or animal life unfit for human use,
- vii) loss of enjoyment of normal use of property,
- viii) interference with the normal conduct of business.

contaminant: means any solid, liquid, gas, sound, heat, odour, vibration, radiation, pollutant or combination of any of them resulting directly or indirectly from human activities that may cause an adverse effect.

discharge: includes addition, deposit, loss, emission, spill or leaking; when used as a verb, includes to add, deposit, lose, emit, spill or leak.

document: includes a sound recording, video tape, film, photograph, chart, graph, map, plan, survey, study, audit, book of accounts and information recorded or stored by means of any device and includes statements of account, bank statements, letters, notices, files and any other writing or thing relating to the project, the activities of the chargor, the property upon which the chargor exercises his activities or relating to any other discussion or matter of the chargor or any activity exercised by the chargor which may have an environmental effect.

environmental laws: includes all international, federal, provincial, and municipal legislation, all regulations, treaty, by-law, code, agreement presently in force or which may come into force in the future which has as object the protection of the environment or which relates to or governs hazardous products, the transportation of hazardous products, the sources of contamination, toxic discharges, toxic waste, contaminants and pollutants and, without limiting the generality of the foregoing, includes the *Environmental Protection Act* of Ontario and the *Canadian Environmental Protection Act*, 1999, as amended from time to time by Legislature or Parliament.

hazardous product: means collectively any contaminant, toxic substance or any other substance which, if it was discharged in the environment, could cause immediately or in the future, an adverse effect.

project: includes the lands including all surface land of the project (which is not contained in a building), immersed land, any body of water running over the lands, sub-soil or any combination or part thereof and any activity exercised on the lands.

source of contamination: means anything that discharges into the natural environment any contaminant.

surrounding property: means all property which may suffer an adverse effect by the source of contamination.

In the event the definitions set forth in this paragraph are given a broader meaning than the one used herein pursuant to any amendment to any applicable law, the definitions found in this paragraph shall include such broader meaning.

Covenants

- (b) The chargor covenants with the chargee and warrants the following:
- (i) The chargor shall not cause or permit to be caused the discharge of hazardous products or contaminants upon the project or from the project upon any abutting property or surrounding property or in a body of water running into the project or into any abutting property or surrounding property;
 - (ii) The chargor shall at all times comply with environmental laws and shall take all measures in order to ensure that any person that has been given permission to use, occupy, manage or operate the project, complies with environmental laws;
 - (iii) The chargor hereby grants to the chargee the absolute right to conduct from time to time, at the chargor's expense, tests, inspections, studies, verifications or environmental audits, including the right to conduct soil tests or water tests or any other thing and take samples of the project;
 - (iv) The chargor hereby gives unlimited access to the chargee to all of the chargor's documents relating to the project and this right shall include the right to make copies of such documents and maintain control thereof;
 - (v) The chargor shall not exercise and shall not permit any person to exercise any activity which could lead to the imposition of a penalty, directive, fine, order, injunction, action, judgment or liability under the environmental laws or which could have the effect of creating any lien upon the project;
 - (vi) The chargor shall comply with all requirements of the environmental laws and without limiting the generality of the foregoing, shall obtain all required permits, licenses and other authorizations relating to the project;
 - (vii) The chargor covenants to immediately advise the chargee of any discharge of a hazardous product or contaminant upon the project or from the project and covenants to immediately provide the chargee with copies of any order, by-law, notice, permit, application, judgment, penalty, procedure, communication or document relating to the discharge or to any other environmental matter which may have an effect on the project;
 - (viii) The chargor covenants and undertakes to promptly remove, at his cost, all hazardous products or contaminants upon the project, abutting property, surrounding property and body of water affected;
 - (ix) The chargor shall not install or permit to be installed upon the project any urea formaldehyde foam insulation, asbestos, or any other hazardous product;
 - (x) The chargor shall immediately advise the chargee of any possible violation, anticipated or effective of the environmental laws and any inquiry completed, being completed or anticipated;

- (xi) Upon the originating requests of the chargee, the chargor shall, at his expense, provide to the chargee copies of all environmental audits of the project or verification including copies of updates of such audits or verifications;
- (xii) Upon receipt of any documentation relating to the project which raises an environmental issue, the chargor undertakes to forthwith provide a copy thereof to the chargee.

Indemnity

(c) The chargor undertakes to indemnify and save harmless the chargee, its agents, administrators, directors, employees, receivers and receiver managers, with respect to all losses, liabilities, claims, damages, costs, expenses, legal fees, disbursements and any other prejudice it may suffer:

- (i) Pursuant to the environmental laws including any lien;
- (ii) By reason of the discharge of hazardous products or contaminants into the environment and without limiting the generality of the foregoing, including all costs necessary to defend and/or sustain an action between defendants, a counterclaim or a third party claim and for all costs, liabilities and damages resulting from a settlement made by the chargee; and
- (iii) By reason of the obligation to comply with the requirements of an order, by-law, injunction, judgment, regulation or other similar obligation issued because of the deposit, storage, destruction, burying, injection, spill, discharge, placement or installation upon the project, the abutting property or surrounding property of hazardous products or contaminants, notwithstanding the degree of involvement or knowledge of the chargor and, for the application of this paragraph, it is inconsequential that the events giving rise to this obligation took place prior to or after the date of this charge.

The obligations and covenants of this paragraph shall survive the foreclosure, extinction or other release or discharge of the charge. Any amount for which the chargor shall be accountable to the chargee pursuant to this paragraph and which the chargee shall itself have to pay shall, subject to the within indemnity, be added to the debt and shall bear interest at the rate provided in the charge.

Right of access and other rights of the chargee

(d) In the event of a discharge of a hazardous product or contaminant which may have an adverse affect, whether or not the source of the contamination is the project, or in the event the chargor is in default of his obligations under the environmental laws, the chargee may, in its sole discretion and without any obligation whatsoever, give any notice and conduct any work which the chargee deems necessary and reasonable for the project and take any other measure to remedy the spill, discharge or emission or to remedy the chargor's default.

The chargee may, at all times, in its sole discretion and without any obligation whatsoever, whether or not there is default, enter upon the project to inspect it, conduct tests, studies, verifications, audits or other environmental measures deemed necessary.

It is understood that any exercise by the chargee of its right to enter, conduct work, require information and be advised of environmental measures, in no way constitutes and shall not be deemed to constitute the entering into possession of the project by the chargee and nothing in the foregoing and in these presents shall be interpreted to find or deem the chargee to be having the control, responsibility, management or occupation of the project.

The chargor covenants that any failure to comply or fulfil the covenants, obligations or provisos contained in this paragraph shall constitute a default under the charge and the chargee shall be entitled, in its sole discretion and without any obligation whatsoever, to exercise all its remedies, rights and powers available at law and under this charge, including the power of sale herein contained.

SPOUSE'S CONSENT

36. The spouse of the chargor consents to the transaction evidenced by the charge and releases all interest in the charged lands to the extent necessary to give effect to the rights of the chargee hereunder, and agrees that the chargee may, without further notice, deal with the chargor regarding the lands and the debt created by the charge as the chargee may see fit.

NOTIFICATION OF CHANGES

37. The chargor agrees to advise the chargee forthwith after any change or happening affecting any of the following:
- a) the spousal status of the chargor;
 - b) the qualification of the lands as a matrimonial home within the meaning of Part II of the *Family Law Act*, as amended from time to time;
 - c) the ownership of the said lands;

in order that the chargee be kept fully informed of the names and addresses of the owners of the lands and of any person who has a right of possession in the said lands by virtue of Section 19 of the *Family Law Act*, as amended from time to time. In furtherance of this intention the chargor agrees to provide to the chargee upon request such evidence as may be deemed by him necessary as to items a), b), c) aforesaid.

CORPORATIONS

38. The chargor and the chargee covenant and agree that the following events shall constitute a default under this charge, where the chargor is a corporation and same:

- (a) ceases to operate all or part of its business activities, is liquidated or dissolved or wound up, makes an assignment for the benefit of creditors or receivership, is bankrupt or the subject of an execution or distress;
- (b) is in default pursuant to any other loan obligations;

- (c) changes the effective control of the corporation; or
- (d) reorganizes, amalgamates, transfers the lands to a non-arms-length party, without the prior written consent of the chargee, which consent may be unreasonably withheld.

BUSINESS ADMINISTRATION

39. The chargor shall administer and operate his business on the lands in a diligent and prudent manner, and provide the chargee with any information it may reasonably request in that respect, including all documents relating to the administration or operation of the business and evidencing the performance of his obligations hereunder. The chargor agrees that he shall not sell, lease, transfer, amalgamate, discontinue, interrupt or cease all or part of his operations for any period of time, or wind up his business without the prior written consent of the chargee, which consent may be unreasonably withheld, failing which the chargee may, at its option, demand immediate payment of the indebtedness, interest and any other amount due under the charge and may exercise all its remedies, rights and powers available at law and under this charge, including the power of sale contained herein.

ADVERSE CHANGE

40. The chargor covenants and agrees to inform the chargee forthwith of any circumstances, events, actions, claims or changes which have or may have an adverse effect on the chargor's financial situation or the lands.

Where there has been a material adverse change, as determined by the chargee, in its sole and absolute discretion, in:

- i) the financial situation of the chargor or any guarantor;
- ii) the chargor's or any guarantor's representations and warranties made in connection with the charge; or
- iii) the lands,

then, the chargee may, at its option, demand immediate payment of the indebtedness, interest and any other amount due under the charge and may exercise all its remedies, rights and powers available at law and under this charge, including the power of sale contained herein.

FINANCIAL STATEMENTS AND INFORMATION

41. If any part of the lands are or become income-producing or are used for agricultural, commercial or industrial purposes, the following provisions shall apply:

- a) The chargor agrees to deliver to the chargee annually, within ninety (90) days of each fiscal year end of the chargor:
 - i) financial statements of the chargor and any guarantor;
 - ii) an operating statement including a detailed statement of income and expenses and supporting documentation in respect of the lands; and
 - iii) a current rent roll for the lands indicating the tenants, area occupied, annual rental, term of tenancy agreements, renewal options and monthly sales information from all reporting tenants,in each case prepared in accordance with generally accepted accounting principles, consistently applied, and in form and content approved by the chargee.
- b) The chargor agrees to deliver to the chargee within thirty (30) days of a written request of the chargee, the following:
 - i) a rent roll for the lands dated as of the last day of the preceding calendar quarter identifying all of the leases of the lands by the term, renewal options, space occupied, rental and other charges required to be paid, security deposit paid, taxes paid by tenants, common area charges paid by tenants, tenant pass throughs, any rental concessions or special provisions or inducements, rent arrears, rent escalations, amounts taken in settlement of outstanding arrears, collections of rent for more than one month in advance, continuous operation obligations, cancellations or "go dark" provisions and "non-competition provisions";
 - ii) monthly and year to date operating statements prepared for each calendar month during each calendar quarter, each of which shall include an itemization of actual capital expenditures during applicable periods;
 - iii) a property balance sheet for each such month;
 - iv) such further financial information as required by the chargee,in each case prepared in accordance with generally accepted accounting principles, consistently applied, and in form and content approved by the chargee.

c) The chargor covenants and agrees with the chargee to maintain at all times proper records and books of account with respect to the lands and the business of the chargor pertaining thereto.

d) The chargee may, either by its officers or authorized agents at any time during normal business hours, inspect and examine the records and books of account of the chargor relating to the lands and the business of the chargor pertaining thereto and make copies or extracts from them and generally conduct such examination of the records and books of account and other records of the chargor as the chargee may deem necessary and the chargor will, immediately upon the request of the chargee, advise where the records and books of account are maintained and will render such assistance in connection with such examination as the chargee deems necessary, including providing the chargee with any receipts or other supporting documentation it may require.

COMPLIANCE WITH LAWS

42. The chargor covenants and agrees to promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directives, ordinances, and regulations of every governmental authority and agency concerning the lands and will, at its own expense, make any and all improvements thereon or alterations thereto, structural or otherwise, which may be required at any time by any such present or future law, rule, requirement, order, directive, ordinance or regulation. The chargee, whenever it deems necessary, may by its surveyor or agent enter upon and inspect the lands and make such improvements and alterations as the chargee deems necessary to render the lands in compliance with such laws, rules, requirements, orders, directives, ordinances or regulations and the reasonable cost of such inspection, improvements and alterations with interest at the rate set forth in the charge shall be payable forthwith and be a charge upon the lands.

NOTICE

43. Unless otherwise provided at law or in the charge, any notice required or contemplated pursuant to this charge, including all demands for payment, shall be made by writing and:

(a) if given to the chargor, may be sent by registered mail to the last known address for the chargor as shown in the chargee's files or delivered personally to the chargor at that address;

(b) if given to the chargee, may be sent by registered mail to the office of the chargee where the payments under this charge are required to be made or delivered personally at that address;

and such notices shall be deemed to have been given and received on the date on which they were delivered personally or, if sent by registered mail, the third working day following the date on which they were mailed, whether or not they are received.

SEVERABILITY OF INVALID PROVISIONS

44. It is agreed that in the event that at any time any provision of these presents is illegal, invalid, inapplicable or inconsistent with the provisions of any applicable statute or regulation thereunder or would by reason of the provisions of any such statute or regulation render the chargee unable to collect the amount of any loss sustained by it as a result of making this charge which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid, inapplicable, or inconsistent and this charge shall remain executory notwithstanding such provision.

INTERPRETATION

45. Unless otherwise provided, whenever two or more persons are under liability hereunder, such liability shall be both joint and several.

The paragraph headings herein are inserted for convenience of reference only and are deemed not to form part of the charge and are not to be considered in the construction or interpretation of the charge or any part thereof.

Words in the singular shall include the plural and vice-versa, and words in the masculine shall include the feminine and vice-versa where the context requires.

EQUIVALENT INTEREST RATES

46. The following information is provided in the event the interest payable under this charge is calculated monthly not in advance and/or is a variable interest and the current rate may be expected to change from time to time.

Columns A set forth the interest rate calculated monthly and not in advance, whereas columns B set forth the equivalent rate calculated semi-annually and not in advance.

A	B	A	B	A	B	A	B	A	B	A	B
2,500	2,5131	5,625	5,6913	8,750	8,9111	11,875	12,1727	15,000	15,4766	18,125	18,8233
2,625	2,6394	5,750	5,8193	8,875	9,0407	12,000	12,3040	15,125	15,6097	18,250	18,9581
2,750	2,7658	5,875	5,9474	9,000	9,1704	12,125	12,4354	15,250	15,7428	18,375	19,0929
2,875	2,8923	6,000	6,0755	9,125	9,3002	12,250	12,5669	15,375	15,8760	18,500	19,2278
3,000	3,0188	6,125	6,2037	9,250	9,4301	12,375	12,6985	15,500	16,0092	18,625	19,3628
3,125	3,1454	6,250	6,3319	9,375	9,5600	12,500	12,8301	15,625	16,1425	18,750	19,4979
3,250	3,2721	6,375	6,4603	9,500	9,6900	12,625	12,9618	15,750	16,2759	18,875	19,6330
3,375	3,3988	6,500	6,5887	9,625	9,8201	12,750	13,0935	15,875	16,4094	19,000	19,7682
3,500	3,5256	6,625	6,7171	9,750	9,9502	12,875	13,2253	16,000	16,5429	19,125	19,9034
3,625	3,6525	6,750	6,8456	9,875	10,0804	13,000	13,3572	16,125	16,6765	19,250	20,0387
3,750	3,7794	6,875	6,9742	10,000	10,2107	13,125	13,4892	16,250	16,8102	19,375	20,1741
3,875	3,9064	7,000	7,1029	10,125	10,3410	13,250	13,6212	16,375	16,9439	19,500	20,3096
4,000	4,0335	7,125	7,2316	10,250	10,4714	13,375	13,7533	16,500	17,0777	19,625	20,4451
4,125	4,1606	7,250	7,3604	10,375	10,6019	13,500	13,8854	16,625	17,2116	19,750	20,5807
4,250	4,2878	7,375	7,4892	10,500	10,7324	13,625	14,0177	16,750	17,3455	19,875	20,7163
4,375	4,4151	7,500	7,6182	10,625	10,8630	13,750	14,1499	16,875	17,4795	20,000	20,8521
4,500	4,5424	7,625	7,7472	10,750	10,9937	13,875	14,2823	17,000	17,6136	20,125	20,9879
4,625	4,6698	7,750	7,8762	10,875	11,1244	14,000	14,4147	17,125	17,7477	20,250	21,1238
4,750	4,7973	7,875	8,0053	11,000	11,2552	14,125	14,5472	17,250	17,8819	20,375	21,2597
4,875	4,9248	8,000	8,1345	11,125	11,3861	14,250	14,6798	17,375	18,0162	20,500	21,3957
5,000	5,0524	8,125	8,2638	11,250	11,5170	14,375	14,8124	17,500	18,1506	20,625	21,5318
5,125	5,1800	8,250	8,3931	11,375	11,6480	14,500	14,9451	17,625	18,2850	20,750	21,6680
5,250	5,3078	8,375	8,5225	11,500	11,7791	14,625	15,0779	17,750	18,4195	20,875	21,8042
5,375	5,4355	8,500	8,6519	11,625	11,9102	14,750	15,2108	17,875	18,5540	21,000	21,9405
5,500	5,5634	8,625	8,7815	11,750	12,0414	14,875	15,3437	18,000	18,6887	21,125	22,0768