

# Low Rate Mortgage Schedule of Required Clauses For Attachment to DUCA Residential Charges

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## SCHEDULE

### Additional Provisions

#### Due on Sale

This Charge, at the option of the Chargee, shall fall due and be payable upon the sale or transfer of the land together with interest as provided herein. Provided that the foregoing shall be inapplicable where the transferee or purchaser has been approved by the Chargee to assume this Charge and has executed all necessary documentation in connection therewith, including credit information, authorization, application to assume, membership application and assumption agreement, and has paid the administrative fee.

#### Extensions, Renewals and Variations in Terms

The terms of this Charge may be amended or extended from time to time by mutual agreement between the Chargor and the Chargee, and the Chargor covenants and agrees that notwithstanding that he has disposed of his interest in the land, the Chargor will remain liable as a principal debtor and not as a surety for the observance of all the terms and provisions hereof and will, in all matters pertaining to this Charge, well and truly do, observe, fulfill and keep all and singular the covenants, provisos, conditions, agreements and stipulations in this Charge or any amendment or extension thereof, notwithstanding the giving of time for the payment of this Charge or the varying of the terms of the payment thereof or the rate of interest thereon or any other indulgence by the Chargee to the Chargor, and whether or not such extension or amending agreement shall be registered or not, the Chargor, his heirs, estate trustees, legal personal representatives, successors and assigns or anyone claiming through or under him, shall be bound thereby.

#### Automatic Renewal on Maturity

Upon the expiry of the term of this Charge at a time when an amount remains owing thereunder for principal and the Chargor is not in default hereunder, this Charge shall be automatically renewed and converted into DUCA's one year open mortgage loan at the interest applicable on the date of maturity of this Charge and the monthly payment for principal and interest shall be adjusted to reflect that interest rate.

Either the Chargee or the Chargor may give written notice to the other prior to any expiry of the term of this Charge that the party giving notice is unwilling to renew this Charge and the same shall then not be renewed as set above.

#### Renewal before Maturity

When not in default, the Chargor may request the Chargee, any time before the date at which the balance of this Charge becomes due, to extend the term thereof and set new conditions. If the Chargee agrees, the Chargor shall pay an early renewal fee and the greater of (1) three months' interest; and (2) an interest rate differential penalty equal to the interest calculated on the balance of this Charge until maturity, at a rate corresponding to the difference between the rate then applicable to this Charge and the new rate.

#### Payment Provisions

Provided that if this Charge is repayable by installments of principal and interest the installments payable under this Charge are to applied firstly to interest calculated as provided in this Charge on the principal from time to time outstanding and the balance of the said installments shall be applied on account of principal; except in case of default by the Chargor, the Chargee may then apply any payments received during the period of default in whatever order it may elect as between principal, taxes, interest, repairs, insurance premiums or other advances made on behalf of the Chargor.

The Chargor shall maintain with the Chargee or another financial institution satisfactory to the Chargee, an account of a type which is satisfactory to the Chargee and shall authorize the Chargee to debit such account automatically by an amount equivalent to the amount of each installment of principal, interest and taxes, if applicable, when each such installment is due. If the account is with another financial institution, the Chargor shall cause such other financial institution to remit such amount to the Chargee when each installment is due. The Chargor shall, at the Chargee's request, execute such authorization in form and substance satisfactory to the Chargee.

## Repayment Provisions

The Chargor covenants and agrees that payment on account of this Charge shall be payable and is to be received by the Chargee on or before 2:00 o'clock p.m. on the due date, and any payment received after such time will be credited to the Chargor's account on the business day next following the due date.

## Prepayment Charge

If any acceleration of all or any portion of the principal should occur prior to the balance due date of this Charge for any reason whatsoever (whether as a result of default hereunder, by operation of law or otherwise) then an amount equal to three months' interest at the interest rate on the principal then outstanding (the "Prepayment Charge") shall immediately become due and payable. The Prepayment Charge shall be secured by this Charge. The Chargor acknowledges that the Prepayment Charge represents reasonable and fair compensation for the loss that the Chargee may sustain from any acceleration of the principal prior to the balance due date; provided that nothing herein shall create any right to prepay all or any portion of the principal at any time or in any circumstances prior to the balance due date.

## Recovery of Fees

The Chargor agrees to pay to the Chargee its then current administration and/or processing fees in connection with the preparation of any mortgage statements, amending or other agreements, discharge fees, any fees for any missed or late payments and any refused payments due to insufficient funds or other returned payments, fees relating to failure to provide the required documentation for annual reviews, proof of property taxes paid, up-to-date property insurance, financial statements, and other related documents and generally any fees in connection with the proper administration of this Charge. Any such fees and charges, if unpaid, shall be added to the principal outstanding under this Charge. The amount of any such fees or charges in effect at any particular time is available from any DUCA branch, upon request.

## Default Provisions

Provided that if any cheque or other payment is returned, any replacement payment shall be by certified cheque or bank draft. The Chargor further agrees to pay to the Chargee its servicing fees for preparation of any information or discharge statement.

## Assumption

The Chargor, when not in default, may sell the land without paying off this Charge if the purchaser of the land first obtains the Chargee's written approval for the assumption of this Charge. The Chargor and the purchaser must provide sufficient information as required by the Chargee to enable it to make a decision to grant approval. The purchaser will be required to sign an assumption agreement and documents and pay all fees that may be associated with the granting of the approval to assume this Charge.

If this Charge is assumed, the purchaser assuming the same will be limited to the privileges outlined herein as if the purchaser had exercised such privileges prior to the completion of the sale.

## Portability

The Chargor may, when not in default, and upon a bona fide arm's length sale of the land and the purchase of another residential property (the "New Property"), apply for approval to transfer this Charge with the same priority and securing the same principal to the New Property. An arm's length sale means one in which the buyer and seller are unrelated and have no personal or business relationship with each other. If the closing date of the sale of the land and the closing date of the purchase of the New Property are not the same, but the closing date of the purchase is within 90 days of the closing date of the sale, the Chargor may apply for approval to transfer this Charge and in such case will be required to pay a pro rata Prepayment Charge for the period between the closing dates of the sale and purchase.

The Chargor and the New Property must both qualify under the Chargee's underwriting policies, criteria, procedures and documentation requirements and those of any insurer, if applicable, in effect at the time of the application. The Chargor will be required to pay the transfer application fee, appraisal fee and insurance premiums, if any, and all other fees and prepayment compensation that may be associated with the granting of the approval to the transfer.

## Property Taxes

"Taxes" mean all taxes, rates and assessments of any kind including, but not limited to, property taxes, local improvement rates and charges, utility charges, interest and penalties.

The Chargor agrees to pay to the Chargee in addition to the regular monthly payments, an amount estimated by the Chargee sufficient to enable the Chargee to pay the taxes on or before the due date for the payment thereof. If the taxes on the land in any calendar year exceed the estimate, the Chargor will forthwith pay the difference on demand.

The Chargee shall not be required to hold any monies received on account of taxes in a trust or pay any interest thereon. The Chargee shall be entitled to pay the interim bill and final bill when received. The Chargee may withhold from any advance under this Charge any amount it feels necessary to pay or may be required for future payment of taxes. If the Chargor is in default under the obligations contained in this Charge, the Chargee may apply any monies received on account of taxes to any portion of the outstanding loan secured by this Charge.

## Not Construction Financing

This Charge is not being given with the intention to secure the financing of any alteration, addition or repair to any building on the land or for any construction, erection or installation thereon.

## High Ratio Only

Neither the granting of this Charge by the Chargor, nor the approval for mortgage insurance by CMHC/Genworth Financial/Canada Guaranty is to be construed or relied on by the Chargor or any guarantor as representing confirmation of the value or condition of the land, whether or not appraisals or inspections are carried out by or for CMHC/Genworth Financial/Canada Guaranty; nor is it to be construed or relied on by the Chargor or any guarantor as representing confirmation of the ability of the Chargor and any guarantor to repay the loan.

All information obtained from or concerning the Chargor and any guarantor in connection with approving the Charge, including credit bureau information, will be accessible to and may be used by CMHC/Genworth Financial/Canada Guaranty for any purpose related to the provision of mortgage insurance generally; the Chargor and any guarantor hereby consent thereto. Any information retained by CMHC/Genworth Financial/Canada Guaranty in that regard will be subject to federal access to information and privacy legislation.

## One Year Open Only

PROVIDED that the Chargor shall have the privilege of prepaying the whole or any part or parts of the principal hereby secured on any payment dates without notice or bonus.

## All Closed Terms

Provided that should the Chargor(Member) wish to prepay the principal sum secured by this Charge, they may do so upon payment of the greater of (1) a penalty of three months' interest of existing rate being charged; and (2) the interest differential between the Chargor's(Member's) existing rate being charged and the Chargee's current posted mortgage rate for a term equal to the remaining term on this Charge.

The Chargor, when not in default, has the privilege of prepaying an amount or amounts of principal not exceeding 20% of the original principal in any mortgage year, on a quarterly basis on a payment date without notice or bonus. This prepayment privilege is not cumulative and is not permitted if the entire principal outstanding is being prepaid by or switched or transferred to a third party whether a financial institution, an individual or otherwise. This privilege may not be used in the 31 days prior to a prepayment in full of this Charge.

## Mortgage Year

For the purposes of this Charge, the first "mortgage year" shall commence on the interest adjustment date and each "mortgage year" thereafter shall commence on the anniversary of that date.

## Variable Rate Only – Three or Five Year Closed Term

FOR THE PURPOSES hereof, the "Prime Rate" means the annual rate of interest announced from time to time by DUCA Financial Services Credit Union Ltd. as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada and designated by the Chargee as its "Prime Lending Rate".

PROVIDED THIS CHARGE to be void upon the Chargor, his heirs, estate trustees, legal personal representatives, successors or assigns or any of them, paying to the Chargee, its successors or assigns, the ultimate balance of any and all obligations, liabilities and indebtedness of the Chargor to the Chargee (which obligations, liabilities and indebtedness are hereinafter collectively called the "liabilities"), the principal component of the liabilities not exceeding the principal indicated in the computer data entry field in this Charge together with interest thereon at a rate equal to the Prime Rate per annum in effect from time to time plus or minus the premium indicated in the Mortgage Loan Commitment and/or in this Charge, calculated semi-annually not in advance, and payable monthly as well after as before maturity, default and judgement, with interest on overdue interest at the same rate as on the principal, and all other amounts payable by the Chargor hereunder and paying any taxes, rates, levies, charges or assessments upon the land no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions herein contained. In the event that it may be necessary at any time for the Chargee to prove the Prime Rate applicable as at any time or times, it is agreed that the certificate in writing of a Manager of the Chargee setting forth the Prime Rate as at any time or times, shall be conclusive evidence as to the Prime Rate as in the said certificate set forth.

PROVIDED that should the Chargor wish to convert to a fixed rate Charge, he may do so on any payment date at Chargee's then current mortgage rates for a term equal to or greater than the remaining term.

The Chargee reserves the right to increase the blended monthly payments at any time upon 30 days' notice, if the Prime Rate increases and the mortgage payments are not sufficient to cover repayment of the liabilities to the Chargee.

PROVIDED that should the Chargor(Member) wish to prepay the principal sum secured by this Charge, they may do so upon payment of the greater of (1) a penalty of three months' interest at the quoted posted rate on the date of signing of Mortgage Commitment Letter or Renewal Agreement as of the initial closing or renewal; and (2) the interest differential between the quoted posted rates on the date of signing of the Mortgage Commitment Letter or Renewal Agreement and the Chargee's current posted mortgage rate for a term equal to the remaining term on this Charge.

The Chargor, when not in default, has the privilege of prepaying an amount or amounts of principal not exceeding 20% of the original principal in any mortgage year, on a quarterly basis on a payment date without notice or bonus. This prepayment privilege is not cumulative and is not permitted if the entire principal outstanding is being prepaid by or switched or transferred to a third party whether a financial institution, an individual or otherwise. This privilege may not be used in the 31 days prior to a prepayment in full of this Charge.

## Due on Demand-Line of Credit Only

FOR THE PURPOSES hereof, the "Prime Rate" means the annual rate of interest announced from time to time by DUCA Financial Services Credit Union Ltd. as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada and designated by the Chargee as its "Prime Lending Rate".

PROVIDED FURTHER that the loan secured by this Charge shall be a demand loan and shall become due and payable on demand being made by the Chargee to the Chargor.

PROVIDED THIS CHARGE to be void upon the Chargor, his heirs, estate trustees, legal personal representatives, successors or assigns or any of them, paying on demand to the Chargee, its successors or assigns, the ultimate balance of any and all obligations, liabilities and indebtedness of the Chargor to the Chargee (which obligations, liabilities and indebtedness are hereinafter collectively called the "liabilities"), the principal component of the liabilities not exceeding the principal indicated in the computer data entry field in this Charge together with interest thereon at a rate equal to the Prime Rate per annum in effect from time to time plus the premium indicated in the Mortgage Loan Commitment and/or in this Charge, calculated and payable monthly, as well after as before maturity, default and judgement, with interest on overdue interest at the same rate as on the principal, and all other amounts payable by the Chargor hereunder and paying any taxes, rates, levies, charges or assessments upon the land no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions herein contained. In the event that it may be necessary at any time for the Chargee to prove the Prime Rate applicable as at any time or times, it is agreed that the certificate in writing of a Manager of the Chargee setting forth the Prime Rate as at any time or times, shall be conclusive evidence as to the Prime Rate as in the said certificate set forth.

PROVIDED that the Chargor shall have the privilege of prepaying the whole or any part or parts of the principal sum hereby secured on any payment date, without notice or bonus.

PROVIDED that any and all payments made in respect of the liabilities, and interest and monies or other proceeds realized from the sale of any securities held therefor, including this Charge, may be applied and reapplied notwithstanding any previous application on such part or parts of the liabilities as the Chargee may see fit or may be held unappropriated in a separate collateral account for such time as the Chargee may see fit.

IN THE EVENT that one or more or none of the Chargors is not also the borrower under the Mortgage Loan Commitment, each such Chargor (hereinafter in this paragraph called "such Chargor") jointly and severally covenants with the Chargee as follows:

(a) This Charge and the covenants, provisos, obligations and agreements on the part of the Chargor herein contained shall be the continuing obligations and liability of each such Chargor and shall cover all the liabilities and obligations of the Chargor hereunder and shall apply to and shall secure any ultimate balance of the monies secured or intended to be secured hereby;

(b) The Chargee shall not be bound to exhaust its recourse against the Chargor or others or any securities (which term when used in this paragraph includes guarantees) it may at any time hold before being entitled to payment from each such Chargor of the monies hereby secured and each such Chargor renounces to all benefits of discussion and division;

(c) This Charge and the liabilities and obligations of each such Chargor hereunder shall not be affected by the death or loss or diminution of capacity of the Chargor or of any such Chargor or by any change in the name of the Chargor or in the membership of the Chargor's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Chargor's business by a corporation, or by any change whatsoever in the objects, capital, structure or constitution of the Chargor, or by the Chargor or the Chargor's business being amalgamated with a corporation or corporations, or wound up or its corporate existence terminated but shall notwithstanding the happening or any such event continue to exist and apply to the full extent as if such event had not happened;

(d) This Charge shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Chargee and all dividends, compositions, proceeds of security valued and payments received by the Chargee from the Chargor or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of any of such Chargors to claim in reduction of his liability, under this Charge the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Chargee or proceeds thereof, and none of such Chargors shall have the right to be subrogated in any rights of the Chargee until the Chargee shall have received payment in full of all liabilities;

(e) All of the monies hereby secured or intended to be secured hereby shall be deemed to form part of the liabilities and obligations of each such Chargor notwithstanding any lack or limitation of status or of power, incapacity or disability of the Chargor or of the directors, partners or agents thereof, or that the Chargor may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or creditors, or in the taking or registering of this Charge or any other securities, the whole whether known to the Chargee or not; and all the monies secured hereby or intended to be secured hereby shall be recoverable from each such Chargor as sole or principal debtor in respect thereof and shall be paid to the Chargee on demand with interest and accessories; and

(f) Each such Chargor shall be bound by any account settled between the Chargee and the Chargor, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Chargee shall be accepted by such Chargor and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Chargor to the Chargee or remains unpaid by the Chargor to the Chargee.