

TERMS AND CONDITIONS

These Terms and Conditions form part of the Commitment and shall form part of the mortgage. In the event of any conflict between these provisions and any provisions in the registered mortgage, including the Standard Charge Terms, these provisions shall prevail.

Definitions: In these Terms and Conditions, the words "you" and "your" means the mortgagor(s) and guarantor(s). The words "us", "we" and "our" mean Manulife Bank of Canada.

1. **Prepayment and Other Options:** When your mortgage is not in default, you shall have the following prepayment privileges:
 - a) **Regular Closed Mortgage:** You may prepay the whole or any part of the principal amount of your mortgage, at any time during the term of the mortgage, upon payment of the higher of these two amounts: (i) 3 months' interest costs on the amount you want to pay, or (ii) the interest rate differential amount. This amount is the difference between your existing mortgage rate and the interest rate currently charged for a mortgage similar to yours, calculated for the remaining term of the mortgage. A mortgage similar to yours has a term that is closest to the remaining term of your existing mortgage. An interest rate differential amount would only be applicable if the current interest rate for the remaining term of your mortgage is lower than your mortgage interest rate. The amount of the penalty is calculated on the present value and does not take into consideration the amount of interest that would have been paid by you had you continued to make payments under the mortgage to the scheduled maturity date. (For example, your mortgage interest rate is 5% and you have 36 months left in your term. The Bank's current interest rate for a 36 month term is 4.50%. Since the current rate is lower than your mortgage interest rate, you would need to calculate the interest rate differential amount to determine which penalty amount would be applicable).
 - b) **20% Lump Sum Payment:** In each 12 month period (from anniversary date to anniversary date of the Maturity/Renewal Date), you may prepay up to 20% of the original principal amount of your mortgage on any payment date without notice or interest. Such payments must each be in a minimum amount of \$100.00. This privilege does not apply if you are prepaying an amount that is greater than 20% of the balance prior to Maturity. In this case, please refer to 1 a) above. If you do not exercise this privilege in whole during a 12 month period, the unused privilege or portion thereof cannot be carried over to the next 12 month period.
 - c) **25% Increase in Regular Payment Amount:** Once in each 12 month period (from anniversary date to anniversary date of the Maturity/Renewal Date), you may increase, on written notice, the regular payments of principal and interest payable under the mortgage by an additional amount not exceeding 25% of the regular payments being paid immediately prior to such increase. If you do not exercise this privilege in whole during a 12 month period, the unused privilege or portion thereof cannot be carried over to the next 12 month period. When you increase your payment, the new payment amount becomes the regular principal and interest payment under the mortgage and cannot be reduced.
 - d) **Canada Mortgage and Housing Corporation (CMHC) Insured Mortgage:** If your mortgage is insured by CMHC, you have the privileges described in 1b) and 1c) above. You may prepay the whole or any part of the principal amount of your mortgage at any time after the end of the third year of the term upon payment of 3 months' interest costs.
 - e) **Statutory Right of Prepayment:** The Interest Act (Canada) and certain provincial legislation permit the prepayment of mortgages upon payment of 3 months' interest once 5 years have elapsed from the date of the mortgage. For the purpose of this statutory right of prepayment only, the date of the mortgage will be the date funds were first advanced under the mortgage.
 - f) **Fixed Rate Open Mortgage:** If you have selected an open term mortgage, you may prepay the whole or any part of the principal amount of your mortgage at any time without notice or interest.
 - g) **No Reduction in Regular Payments:** Any partial prepayment referred in 1b) above will not reduce the amount of the regular payments under the Mortgage.
2. **How to Estimate Prepayment Costs:** You can estimate the cost of prepaying all or some of the principal amount of your mortgage before the maturity date. The result you get will only be an estimate and you must contact us for the exact cost of paying off some or the entire principal amount of the mortgage before the mortgage maturity date. The estimates are likely to be higher than the actual cost of prepayment.
 - a) **To estimate the 3 months' interest costs,** multiply the amount you want to prepay by the mortgage interest rate. Then, divide that answer by 4. The result will be the estimated 3 months' interest costs. (For example, if your mortgage interest rate is 5% and you want to prepay \$85,000.00, you would multiply $\$85,000.00 \times 5\% = \$4,250.00$. The answer is then divided by 4, $\$4,250.00 \div 4 = \$1,062.50$. The estimated 3 months' interest costs would be \$1,062.50).
 - b) **To estimate the interest rate differential amount,** you first need to determine how many months are remaining in the current term of your mortgage, from the date of prepayment to the maturity date of the mortgage. You will need to get the current interest rate charged by us for a new mortgage with a term that is closest to the remaining term in your existing mortgage. (If the current interest rate is higher than your mortgage interest rate, an interest rate differential would not be applicable.) You then calculate the difference of your mortgage interest rate and the current interest rate. The amount you want to pay off is then multiplied by the interest difference. The result is then multiplied by the remaining months of your term and then divided by 12. The result will be the estimated interest rate differential amount. (For example, if you have 36 months left in your remaining term, you would check the Bank's current interest rate for a 36 month term. Your mortgage interest rate is 5%. The current interest rate for a 36 month term is 4.50%. The difference between these two rates is .50%. You want to prepay \$85,000.00. You would multiply $\$85,000.00$ by the interest difference $.50\% = \$425.00$. The result is multiplied by the remaining months of the term, $\$425.00 \times 36 = \$15,300.00$. The result, $\$15,300.00$, is then divided by 12 = \$1,275.00. The estimated interest rate differential amount would be \$1,275.00).
3. **Principal and Interest Payments:** You understand that your regular payments will be applied first to the payment of interest and then to the principal amount of your mortgage.
4. **Interest Act Disclosure:** For the purpose of the Interest Act (Canada) it is understood and agreed that the Interest Rate, calculated semi-annually, not in advance, as well after as before maturity, default and judgment, is the rate set out in this Commitment Letter.
5. **Interest Adjustment:** Interest shall accrue from the date funds are advanced. Any interest due to the interest adjustment date will be payable by you on the interest adjustment date.
6. **Due on Sale:** If you transfer or sell or agree to transfer or sell the title to the mortgaged property to a transferee or purchaser not approved in writing by us, or, who has not personally assumed (with the consent of his or her spouse where required by law) all of your obligations under the mortgage by executing an Assumption Agreement in the form required by us, then, at our option, all monies secured by the mortgage will become due and payable.
7. **Portability:** If you are not in default under your mortgage and have entered into an agreement, in good faith and at arm's length, to sell or transfer the title to the mortgage property, you may transfer your current mortgage to your new property, subject to our lending policies, including a credit review and property appraisal, and subject to the CMHC Insurance requirements, if applicable. You may also qualify to increase the mortgage amount if you require a larger mortgage. You will be required to pay any application and appraisal fees, and CMHC Insurance Premiums, if applicable, in connection with the transfer transaction. You may be subject to prepayment costs if the entire amount outstanding on your current mortgage is not transferred to the new property.
8. **Guarantors:** Each guarantor agrees that his or her guarantee extends to the terms and conditions of the mortgage as if he or she is the primary debtor.
9. **Pre-Authorized Payments:** We require the regular payments due under the mortgage to be made by pre-authorized payments. You agree to execute any document necessary to permit us to deduct the regular payments due under the mortgage from your bank account.

10. **Fees:**

- a) Unless otherwise indicated in the Commitment Letter, you are responsible for all costs including application fees, appraisal, survey, legal fees and disbursements for the preparation of the mortgage document by your Solicitor, Notary, or Title Insurer and other necessary expenses incidental to this mortgage transaction, whether or not this mortgage is completed and funds are advanced. These fees and related costs may be deducted from the mortgage advance, if it is approved.
- b) We reserve the right to charge fees for administrative services such as processing returned items and processing discharges or switches (where provincial laws allow). This does not include any fees charged by third parties for processing or registration costs. Returned Item fees are currently \$20.00, Discharge fees are currently \$100.00, Switch fees are currently \$200.00 and Mortgage Increase fees are currently \$250.00. Fees are subject to change without notice from us, at any time during the term of the mortgage.

11. **Mortgages with Holdbacks:** The amount of any holdback will be treated as a Mortgage Security Deposit. You will earn interest on this holdback amount at our 30 day deposit interest rate. The holdback must be advanced within 120 days of the funding date. If this is not done the mortgage will be reduced by the amount of the holdback and the monthly payment will be adjusted accordingly. Interest will not be paid on the holdback if not released. You agree to sign an amending agreement, which we may require to be registered against the title to the mortgaged property.

12. **Discharge of Mortgage:** A signed discharge or transfer, in registerable form, will only be delivered upon full payment of the balance owing under the mortgage being received by us, including any per diem interest and any fees referred to in 9b) above. For the purpose of calculating per diem interest on a discharge, funds received after 1:00 p.m. (Eastern Standard Time) on any business day shall be deemed to have been received on the next following business day. We reserve the right to refuse a discharge or transfer of this mortgage until any charges or returned item amounts arising after the discharge statement is issued are also fully paid.

13. **Inspection:** You agree that we, or our agents (or agents of CMHC if this is a CMHC insured mortgage or hypothec) may, at any time, before or after default, and for any reasonable cause, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we or CMHC considers necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property. We, CMHC and our Agents and those of CMHC shall not be deemed as Mortgagee in possession, management or control by exercising these rights.

14. **Condominium:** If the mortgaged property is a condominium (or, in Quebec, held under divided co-ownership), we need not lend if we are not satisfied with the condominium (or co-ownership) documents, including the financial statements and budget. If the title to the mortgaged property is anything other than absolute or freehold ownership, we need not lend if we are not satisfied with all the terms of the title. We need not lend unless we receive a report from a solicitor or (in Quebec) a notary, or a policy of title insurance, that we find acceptable.

15. **Property Tax Payments:**

- a) Any tax bills issued and unpaid at the interest adjustment date are to be paid from the proceeds of the mortgage.
- b) If taxes are to be paid by us, the tax portion of your mortgage payment is calculated so that at the end of each calendar year, no funds remain in the tax account. The tax portion will be adjusted after we have paid your final tax bill, if necessary, and we will notify you of any adjustments, in writing. You agree that you will reimburse us for any amounts or fees that we pay to a municipality or any third party in connection with the administration of your mortgage tax account and the remittance of taxes on your behalf. You also agree that any such amounts or fees may be deducted directly from your mortgage tax account.
- c) If we have approved the payment of all taxes to be paid by you on the property, taxes are to be paid when they are due. If we request, you agree to provide us with a copy of the receipted tax bill within 30 days after the due date of the final installment.
- d) In the event you fail to provide us with a receipted tax bill, you agree to reimburse us for any cost we may incur for obtaining a tax search from the municipality.

16. **Fire Insurance:** Before funds will be advanced under this mortgage, you agree to arrange, with a reputable company satisfactory to us, full insurable or guaranteed replacement value of the building with loss payable firstly to Manulife Bank of Canada at the address indicated on the first page. The policy is to contain an Extended Coverage Clause and either the Standard Mortgage Clause No. I.B.C. 3000 or a mortgage clause indicating "Approved by the Insurance Bureau of Canada".

17. **CMHC Insurance Fee:** This is to establish a fund to cover foreclosure losses. This is not for fire or life insurance.

18. **Survey Requirements:** A building location survey prepared by a qualified land surveyor is required to ensure that the property is free of unacceptable encroachments and meets bylaw regulations. In the case of construction loans, the survey should be made after the walls of the building are up. For condominiums, a copy of the Strata Plan on file at the Land Registry will suffice. In lieu of an up to date building location survey or Surveyor's Certificate, we will accept title insurance issued by an insurer approved by us, in advance.

19. **Automatic Six Month Closed Renewal:** If we have not received your signed Renewal Agreement at the maturity date of the mortgage, we may, at our option, renew your mortgage into our 6 month closed term.

20. **Language (For Quebec Residents Only):** The parties acknowledge that they have requested that this Commitment Letter as well as all notices and communications contemplated hereby be drafted in the English language. Les parties aux présentes reconnaissent qu'elles ont demandé que la présente convention ainsi que tous avis et communications en résultant soient rédigés dans la langue anglaise.

21. **Interpretation:** In the Commitment Letter and these provisions, the word mortgage includes hypothec.

22. **Default:** Upon any default in payment of this mortgage, all charges or penalties will be subject to the terms of the mortgage.

23. **Notices:** We may forward any renewal, notice, amendment, statement of account or other communication, including without limitation, a notice of amendment, a demand or disclosure statement, to any one of you for the benefit of all mortgagors. You agree that a notice to one mortgagor is notice to both or all mortgagors. You acknowledge that any disclosure statement, renewal or other information relating to your mortgage will be mailed to you by prepaid ordinary mail, or by electronic means at your last known address or last known email address, as shown in our records. You shall promptly notify us in writing of any change to your address or of any errors appearing on a disclosure statement, renewal or other information relating to your mortgage.

24. **Personal Information Statement:**

Authorization: You authorize us to obtain, verify, give, share and exchange personal information about you, now and in the future, with any individuals, financial institutions, business corporations or other parties with whom you have or propose to have financial or personal dealings, or who hold information about such dealings, such as credit bureaus. You also authorize any person that we contact under this authorization to provide such information. You authorize us to record your telephone conversations for the administration of your products and to maintain quality service levels.

Collecting, using and disclosing your personal information: The personal information you provide to us (or we collect with your consent, including the consent given in the mortgage application) with respect to this mortgage will be protected and maintained in a file with us.

We may collect, use and disclose your personal information to:

- a) confirm your identity and the accuracy of the information provided by you, or collected with your consent;
- b) better understand the history of your financial dealings with us and others, and determine your eligibility for products and services which you have applied for, or which we offer to you, now or in the future;
- c) support and maintain the accuracy and integrity of the credit reporting system;
- d) properly administer and service any financial services and products we provide to you;
- e) assess the value of any security which we may obtain with respect to this application;
- f) keep records of instructions given by you over the telephone;
- g) listen to your recorded telephone conversations to maintain quality service levels;
- h) help us understand the current and future needs of our customers;
- i) conduct searches to locate you and update your contact information in your file;
- j) provide you with details of other financial products offered by us, our affiliates and other select financial product providers; and

k) comply with legal and regulatory requirements.

You may withdraw your consent and request that any information collected about you be destroyed. If you withdraw your consent for us to use and disclose your personal information, we may no longer be able to properly administer your products and will have the contractual right to demand full payment of your mortgage (subject to penalties, if applicable). Notwithstanding such withdrawal of consent by you, we may be required by law to maintain and use your personal information for record keeping, tax and financial reporting.

Your Social Insurance Number ("SIN") may be used for tax reporting purposes and other purposes required or permitted by law. We may also use your SIN as a unique identifier to keep your personal information separate from that of other customers with similar names, for internal and external matching of your personal records against records exchanged with third parties that you have consented to, and to maintain the integrity and accuracy of your personal information. You may withdraw your consent for us to use your SIN for purposes other than required by law, without affecting our ability to provide you with our products and services, however, this may affect our ability to fully ensure the accuracy and integrity of your personal information maintained in your file.

If you do not wish that your telephone conversation be recorded, you agree to only communicate with us in writing and request that any response by us be in writing as well.

Before we collect, disclose and use your personal information for any other purpose, we will explain the purpose to you and seek your consent.

Who may access your personal information: Access to your personal information, will be limited to:

- a) Bank employees and Bank representatives and their delegates, in the performance of their duties for us;
- b) Manulife Financial employees and our affiliates' employees when resolving your concerns about any related product offerings;
- c) other credit grantors with whom you have dealings, or credit bureaus and personal information agents with respect to your credit or financial history;
- d) service providers used by us in the performance of their duties for us;
- e) those to whom you gave permission; and
- f) those authorized by law.

Service providers: We may use service providers for services such as debit and credit card services, printing services, mail services, distribution services, information technology services, insurance services, administrative services and marketing services. We may change service providers or enter into an agreement with new service providers. Where personal information is provided to our service providers, to perform the various services they provide, we will contractually require them to protect the personal information in a manner that is consistent with our privacy policies and practices.

Other product offerings: From time to time, we may offer or promote our other financial products, or those of our affiliates, and those of select third parties associated with us. These other financial product offerings could include for example, securities, insurance products, loan and investment products, credit card products and reward programs, which we believe may be of interest to you. We will not disclose any of your personal information to other external parties, for the purpose of the other parties marketing their own products directly to you, without your consent.

You may withdraw your consent to use your personal information for the purpose of receiving additional product offerings, at any time. You understand that this will not affect our ability to continue to provide you with the services you have requested, but will exclude you from receiving direct personalized marketing or special offers on other products and services. This will not limit the information we may send to you from time to time or information we provide to you when you contact us.

Withdrawing your consent: Subject to any legal and contractual restrictions described above, you may withdraw your consent for our collection, use and disclosure of your personal information, at any time. To do so, you may call our Customer Service Center at 1-877-765-2265 or write to the Privacy Officer at the address set out below. If you wish to withdraw consent, we require six to eight weeks to process your request.

Your right to access your personal information or to receive additional information: You understand that you may obtain a copy of our privacy policy from our web site at www.manulifebank.ca or by calling our Customer Service Center at the number indicated above. You may request additional information or request access to your personal information in your file at any time, subject to the restrictions provided by law, and ask that any inaccurate or incomplete information be corrected. To do so, you may send a written request with details to the Privacy Officer at the following address: Privacy Officer, Manulife Bank of Canada, 500 King Street North, 500-MA, PO BOX 1602 STN WATERLOO, Waterloo, Ontario N2J 4C6.

25. **What to do if you have a Complaint:** Manulife Bank of Canada is committed to providing high quality service and products to our customers. If you have any questions or concerns about our products or services or wish to obtain a copy of our complaint handling procedures, you may contact us at 1-877-7ML BANK (1-877-765-2265) and speak with a Bank representative. Our complaint handling procedures are also available on our web site at www.manulifebank.ca.