



# LEAGUE SAVINGS AND MORTGAGE

A Credit Union Company

## MORTGAGE

This MORTGAGE made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

BETWEEN: \_\_\_\_\_

(hereinafter called the "**Mortgagor**")

- and -

LEAGUE SAVINGS AND MORTGAGE COMPANY

(hereinafter called the "**Mortgagee**")

- and -

\_\_\_\_\_

(hereinafter called the "**Spouse of the Mortgagor**")

- and -

\_\_\_\_\_

(hereinafter called the "**Guarantor**")

1. **Definitions.** In this Mortgage, unless something in the subject matter or context is inconsistent therewith:

(a) **Applicable Laws** means all applicable federal, provincial or municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, all notices, proceedings, judgments, orders, ordinances, directives, permits, authorizations, licenses or requirements of every governmental authority.

(b) **Maturity Date** means\_\_\_\_\_.

(c) **Commitment** means the letter of commitment or loan offer dated \_\_\_\_\_, issued by the Mortgagee to the Mortgagor pursuant to which the loan of the Principal Sum secured by this Mortgage has been granted and any amendments thereto.

(d) **Indebtedness** means the aggregate of the Principal Sum, the interest thereon at the Interest Rate and interest at the Interest Rate and compounded as described in Section 4 hereunder on any interest not paid when due and all amounts, costs and expenses which are incurred and charged by the Mortgagor with respect to the enforcement,

administration, monitoring of this Mortgage or the exercise of the Mortgagee's rights under this Mortgage and all other amounts payable by the Mortgagor under the Commitment.

(e) **Interest Adjustment Date** means \_\_\_\_\_, or any other date which the Mortgagor and Mortgagee agree in writing will be the Interest Adjustment Date.

(f) **Interest** means the interest payable at the Interest Rate under this Mortgage.

(g) **Interest Rate** means

*{insert applicable definition of fixed or variable rate and delete inapplicable clause}*

\_\_\_\_\_ (\_\_\_\_%) per annum which is an annual percentage rate calculated semi-annually, not in advance;

*or,*

the Prime Rate of the Mortgagee per year, as it will vary from time to time *plus/minus* \_\_\_\_\_(\_\_\_\_%) per annum. The "Prime Rate" of the Mortgagee means the annual rate of interest announced by the Mortgagee from time to time as its prime rate then in effect for determining interest rates on loans. The rate of interest chargeable on the Principal Sum and on all other amounts payable under this Mortgage is a variable rate per annum which will be adjusted on the first day of each month. The principal and interest payment will be recalculated on the first of each month that the Mortgagee's Prime Rate changes based on the current Interest Rate and the then remaining amortization period on the Mortgage. Wherever this Mortgage refers to the "Interest Rate", it means the Interest Rate in effect on the date the Interest Rate is required to be calculated, as such will vary from time to time. The interest shall be calculated monthly not in advance, as well after as before maturity of this Mortgage, and both before and after default and judgment, until paid.

(h) **Mortgage** means this Mortgage of real property and any amendments thereto, to which the Mortgagor and the Mortgagee are parties.

(i) **Obligations** means the Indebtedness and any and all obligations of the Mortgagor to the Mortgagee under this Mortgage.

(j) **Payments** means payments of the Principal Sum, together with Interest, computed from the Interest Adjustment Date, payable in consecutive monthly instalments of \_\_\_\_\_Dollars (\$\_\_\_\_\_), which amount includes principal and interest, on the Payment Dates.

(k) **Payment Dates** means the payment dates from and including the 1<sup>st</sup> day of \_\_\_\_\_ and thereafter on the 1<sup>st</sup> day of each and every month in each and every year to and including the Maturity Date.

(l) **Principal Sum** means the principal sum that is outstanding from time to time under this Mortgage being the sum of \_\_\_\_\_Dollars (\$\_\_\_\_\_ ) in lawful money of Canada.

- (m) **Property** means the real property described in Schedule "A" to this Mortgage, and includes all buildings, fixtures, equipment, machinery, furniture, furnishings and chattels and improvements now or hereafter brought or erected thereon.

2. GRANT OF MORTGAGE

In consideration of the Mortgagee agreeing to lend the Principal Sum to the Mortgagor and as security for the payment and performance of the Obligations, the Mortgagor hereby mortgages, charges, assigns, pledges, grants and transfers to the Mortgagee all the Mortgagor's right, title and interest in and to the Property.

3. PROMISE TO PAY

The Mortgagor covenants with the Mortgagee that the Mortgagor shall pay to the Mortgagee the Indebtedness and the Mortgagor covenants with the Mortgagee that the Mortgagor shall perform the Obligations.

The Mortgagor shall make payments to the Mortgagee without any set off, withholding or deductions of any kind whatsoever.

4. INTEREST

The Mortgagor agrees to pay the Mortgagee interest at the Interest Rate on the unpaid balance from time to time of the Principal Sum. If default is made in payment of any sum to become due for Interest at any time appointed for payment thereof, the sum in arrears for Interest from time to time, as well after as before maturity, shall bear interest at the Interest Rate, and in case the Interest and compound interest are not paid on the next Payment Date after the date of default, then compound interest shall be payable on the aggregate amount then due calculated semi-annually not in advance, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Property and shall be secured by this Mortgage.

Until the Interest Adjustment Date, the Mortgagor shall pay prepay the Mortgagee simple interest at the Interest Rate on the Principal Sum advanced from time to time starting from, and including, the date of advances until, but not including, the Interest Adjustment Date.

5. PAYMENT

The Mortgagor agrees:

- (a) to pay the Indebtedness to the Mortgagee at its head office or any other place designated by the Mortgagee from time to time;
- (b) to pay blended consecutive monthly Payments of principal and interest on the Payment Dates; and
- (c) to pay the balance of the Principal Sum and Interest on the Maturity Date.

The Mortgagor further agrees and it is expressly understood that prepayment in whole or in part of this Mortgage is prohibited prior to the Maturity Date unless as may be permitted pursuant to the provision of the Prepayment Privileges as set forth in Schedule C1, if any, attached to this Mortgage.

6. APPLICATION OF PAYMENTS

Except as otherwise agreed in writing, payments or other moneys received by the Mortgagee may be applied by it on any part of the Indebtedness determined by it from time to time, notwithstanding any contrary stipulation by the Mortgagor. The Mortgagee may from time to time revoke or alter any such application and reapply the amount in question or any other part of the Indebtedness determined by it.

7. SECURITY

This Mortgage is in addition to and not in substitution for any other mortgage, charge, assignment or security interest now or hereafter held by the Mortgagee from the Mortgagor or from any other person whomsoever.

8. GUARANTOR

- (a) It is a condition of the making of this Mortgage that the covenant hereinafter set forth should be entered into. The Guarantor hereby covenants, promises and agrees, on behalf of himself, his executors, administrators and assigns, as principal debtor and not as surety, to and with the Mortgagee, its successors and assigns, that he will well and truly pay, or cause to be paid unto the Mortgagee, its successors and assigns, the Principal Sum and all other monies hereby secured together with interest upon the same, at the days and times, and in the manner above limited and provided for payment thereof, and shall and will in everything well and truly do, observe, fulfil and keep all and singular the covenants, provisos, conditions, agreements and stipulations herein particularly set forth, according to the true intent and meaning of these presents, and shall and will abide by and submit to and do hereby agree to all conditions, provisos and stipulations herein on the part of the Mortgagor set forth.
- (b) The Guarantor further covenants and agrees that, without giving notice to or obtaining the consent or concurrence of any Guarantor, the Mortgagee may:
  - (i) grant any time, indulgences, waivers or extensions of time for payment or performance of any of the obligations under this Mortgage;
  - (ii) grant any renewals or extensions of this Mortgage, with or without a change in the Interest Rate or in any other terms or conditions of this Mortgage and whether by express agreement signed by the Mortgagor or otherwise (including without limitation byway of an automatic renewal or extension);
  - (iii) change the Interest Rate, either during the initial term hereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such rate is calculated or determined, change from a fixed rate to a variable or floating rate or from a variable or floating rate to a fixed rate, or otherwise;
  - (iv) shorten or lengthen the amortization period of this Mortgage;
  - (v) amend, supplement, modify, vary, or otherwise change any of the terms or conditions of this Mortgage in any manlier whatever;
  - (vi) release or discharge from the mortgage or charge constituted by this Mortgage the whole or any part of the Property;

- (vii) permit the Mortgagor to prepay the Principal Sum in whole or in part or to skip one or more scheduled instalments of principal and interest or to pay more than one such scheduled instalment on a scheduled Payment Date, whether pursuant to a provision of this Mortgage that permits such prepayment, skipping or multiple payments or otherwise;
- (viii) accept compositions, compromises or proposals from the Mortgagor or otherwise deal with the Mortgagor or any other person, any security (including without limitation this Mortgage) or the Property as the Mortgagee sees fit including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for this Mortgage;
- (ix) release or discharge any Guarantor or one or more other Guarantors or Mortgagors in respect of this Mortgage; or
- (x) release any subsequent legal or beneficial owner of the Property from any liability for the obligations under this Mortgage or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Guarantor, regardless of whether any such action has the effect of amending or varying this Mortgage or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the obligations hereunder. The liability of each Guarantor hereunder shall extend to and include the obligations of the Mortgagor under the Mortgage as so amended, renewed, extended or varied and the Mortgage as so increased, expanded or altered without further action on the part of the Mortgagee or the consent or concurrence of any Guarantor; and for greater certainty and without limiting the foregoing, if any rate of interest provided in the Mortgage is increased or otherwise altered, and the liability of each Guarantor hereunder shall extend to and include the obligation of the Mortgagor to pay interest at such increased or altered rate.

- (c) If there is more than one Guarantor, the obligations of the Guarantors hereunder shall be joint and several; and any reference herein to the Guarantor is to each and every such Guarantor.

#### 9. DUE ON SALE

The Mortgagor covenants and agrees with the Mortgagee that in the event of the Mortgagor selling, conveying, transferring or entering into an agreement for sale or transfer in whole or in part of title of the Property subject to this Mortgage to a purchaser or a transferee not approved of in writing by the Mortgagor, all monies hereby secured with accrued interest thereon shall forthwith become due and payable at the Mortgagor's sole option; and if the purchaser, grantee or transferee fails to (a) apply for and receive the Mortgagee's written consent, (b) personally assume all of the Obligations, and (c) sign the assumption agreement of the Mortgagee then, at the option of the Mortgagee, all amounts secured by this Mortgage with accrued interest thereon shall forthwith become due and payable. No sale or other dealing by the Mortgagor with the Property or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the amounts secured by this Mortgage.

#### 10. REPRESENTATIONS AND WARRANTIES

The Mortgagor represents and warrants to the Mortgagee that:

- (a) if it is a corporation, the Mortgagor is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Mortgage are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constating documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Mortgagor is a party or by which it is bound;
- (b) if it is a corporation, the Mortgagor's name as set forth on the first page of this Mortgage is its full, true and correct name as stated in its constating documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Mortgagor has provided a written memorandum to the Mortgagee accurately setting forth all prior names under which the Mortgagor has operated;
- (c) if it is a partnership, the Mortgagor's name as set forth on the first page of this Mortgage is its full, true and correct name and where required or voluntarily registered its registered name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business conducted by it it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Mortgagor is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership have been delivered to the Mortgagee;
- (d) if the Mortgagor is an individual, the Mortgagor's full name as set out on the first page of this Mortgage is the Mortgagor's full and correct name as described on the individual's birth certificate a true copy of which has been provided to the Mortgagee or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to the Mortgagee; the Mortgagor's address as set out on the first page of this Mortgage is the Mortgagor's full and correct address;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Property or the Mortgagor, in which a decision adverse to the Mortgagor would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Mortgagor; and the Mortgagor agrees to promptly notify the Mortgagee of any such future litigation or governmental proceeding;
- (f) the Mortgagor does not have any information or knowledge of any facts relating to the Mortgagor's business, operations, property or assets or to its condition, financial or

otherwise, which it has not disclosed to the Mortgagee in writing and which, if known to the Mortgagee, might reasonably be expected to deter the Mortgagee from extending credit or advancing funds to the Mortgagor;

- (g) the Mortgagor has good title and lawfully owns and possesses the Property, free from all security interests, charges, encumbrances, liens and claims except as disclosed to and approved by the Mortgagee;
- (h) this Mortgage is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Mortgagor, if the Mortgagor is a corporation, or, if the Mortgagor is a partnership, of the partners of the Mortgagor, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Mortgage, and the performance of the Mortgagor's obligations valid and there is no restriction contained in the constating documents of the Mortgagor or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Mortgagor to borrow money or give security;
- (i) there are no restrictions affecting title to the Mortgagor's interest in the Property except any the Mortgagor has reported to the Mortgagee in writing and except for building and zoning by-laws which have been and will continue to be complied with or with respect to which the Property is a legal non-conforming use;
- (j) no part of the Property is, has ever been or will in the future be insulated with urea formaldehyde foam insulation.

#### 11. COVENANTS OF THE MORTGAGOR

- (a) The Mortgagor covenants that at all times while this Mortgage remains in effect the Mortgagor will:
  - (i) defend the title to the Property for the benefit of the Mortgagee against the claims and demands of all persons;
  - (ii) maintain insurance on the Property with an insurer, of kinds, for amounts and payable to such person or persons, all as the Mortgagee may require;
  - (iii) maintain the Property in good condition, order and repair and not permit the value of the Property to be impaired and not to demolish any part of the buildings now or at any time located on the Property without the prior written consent of the Mortgagee and not to proceed with any substantial alterations, remodeling or rebuilding of or any addition to the buildings on the Property without the prior written consent of the Mortgagee;
  - (iv) forthwith pay and satisfy;
    - A. all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon the Mortgagor or the Property when due, unless the Mortgagor shall in good faith contest its obligations so to pay and shall furnish such security as the Mortgagee may require; and

- B. all security interests, charges, encumbrances, liens and claims which rank or could in any event rank in priority to the Mortgage, other than the charges or security interests, if any, consented to in writing by the Mortgagee;
- (v) if required by the Mortgagee make installment payments to the Mortgagee on account of taxes, rates, levies and assessments upon the lands and premises, such payments to be an estimate by the Mortgagee of the sum required to accumulate a fund sufficient to pay such taxes, rates, levies and assessments when they become due; the Mortgagee may apply any such payment against the indebtedness secured or any money payable hereunder;
- (vi) forthwith pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) which may be incurred by the Mortgagee in:
  - A. inspecting the Property;
  - B. negotiating, preparing, perfecting and registering this Mortgage and other documents, whether or not relating to this Mortgage;
  - C. maintaining the intended priority of the Mortgage;
  - D. investigating title to the Property;
  - E. taking, recovering, keeping possession of and insuring the Property;
  - F. maintaining the Property in good repair and preparing the Property for disposition; any inspection, appraisal, investigation or environmental audit of the Property and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Property including any fine or penalty the Mortgagee becomes obligated to pay by reason of any statute, order or direction of competent authority;
  - G. any sums the Mortgagee pays as fines, or as clean up costs because of contamination of or from the Property; and
  - H. all other actions and proceedings taken in connection with the preservation of the Property and the Mortgage and the enforcement of this Mortgage and of any other security interest held by the Mortgagee as security for the Obligations;
- (vii) at the Mortgagee's request at any time and from time to time, execute and deliver such further and other documents and instruments and do all acts and things as the Mortgagee in its absolute discretion requires in order to better and more perfectly and absolutely convey and assure the Property with the appurtenances, unto the Mortgagee as the Mortgagee or his counsel may reasonably require;
- (viii) notify the Mortgagee promptly of:
  - A. any change in the information contained herein relating to the Mortgagor, its address, its business or the Property;



- B. any material loss or damage to the Property;
  - C. any claims against the Mortgagor relating to the Property or any part thereof;
- (ix) deliver to the Mortgagee from time to time promptly upon request:
- A. any documents of title or instruments relating to the Property;
  - B. all financial statements prepared by or for the Mortgagor regarding the Mortgagor's business;
  - C. all policies and certificates of insurance relating to the Property; and
  - D. such information concerning the Property, the Mortgagor and the Mortgagor's business and affairs as the Mortgagee may require;
- (x) observe and conform to all valid requirements of any governmental authority relative to any of the Property and all covenants, terms and conditions upon or under which the Property is held;
- (xi) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Property and the earnings, income, rents, issues and profits of the Property, including maintenance of proper and accurate books of account and records;
- (xii) observe and perform all its obligations under:
- A. leases, licenses, undertakings, and any other agreements to which it is a party;
  - B. any statute or regulation, federal, provincial, territorial or municipal to which the Mortgagor is subject;
- (xiii) without the consent of the Mortgagee, not create or permit to exist any mortgage, charge, assignment or security interest in, charge, encumbrance or lien over, or claim against the Property or any part thereof which ranks or could rank in priority to or *pari passu* with this Mortgage;
- (xiv) if the Mortgagor is an individual, advise the Mortgagee of any change in marital status;
- (xv) not at any time, directly or indirectly, sell, transfer, convey or dispose of the Property or parts thereof or interest therein or enter into any agreement to do so or change or permit a change in the legal or beneficial ownership of the Property without the prior written consent of the Mortgagee;
- (xvi) not apply for or attempt to amend or change the zoning by-law applicable to the Property without prior written approval of the Mortgagee and satisfaction of any conditions imposed by the Mortgagee;

- (xvii) not allow the Property to be used for a use other than the uses disclosed to the Mortgagee;
- (xviii) not lease or rent the Property without the consent of the Mortgagee.
- (b) The Mortgagor, if a corporation, covenants that at all times while this Mortgage remains in effect, without the prior written consent of the Mortgagee:
  - (xix) it will not declare or pay any dividends;
  - (xx) it will not purchase or redeem any of its shares or otherwise reduce its share capital;
  - (xxi) it will not become guarantor of any obligation;
  - (xxii) it will not become an endorser in respect of any obligation or otherwise become liable upon any note or other obligation other than bills of exchange deposited to the bank account of the Mortgagor;
  - (xxiii) it will maintain its corporate existence; and
  - (xxiv) it will not change its name, merge or amalgamate with any other entity.

## 12. ENVIRONMENT

The Mortgagor represents and agrees that:

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) it possesses and will maintain all environmental licenses, permits and other governmental approvals as may be necessary to conduct its business and maintain the Property;
- (d) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Mortgagor's business or assets including without limitation the Property;
- (e) it will advise the Mortgagee immediately upon becoming aware of any environmental problems relating to its business or the Property;
- (f) it will provide the Mortgagee with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Mortgagor and it consents to the Mortgagee contacting and making enquiries of environmental officials or assessors; and
- (g) it will from time to time when requested by the Mortgagee provide to the Mortgagee evidence of its full compliance with the Mortgagor's obligations in this section.

13. INSURANCE

- (a) The Mortgagor covenants that while this Mortgage is in effect the Mortgagor shall:
  - (i) maintain or cause to be maintained insurance on the Property with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as the Mortgagee may require, and in particular maintain insurance on the Property to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement;
  - (ii) cause the insurance policy or policies required by this Mortgage to be assigned to the Mortgagee, including a standard mortgage clause or a mortgage endorsement, as the Mortgagee may require;
  - (iii) pay all premiums respecting such insurance, and deliver all policies to the Mortgagee, if it so requires.
- (b) If proceeds of any required insurance becomes payable, the Mortgagee may, in its absolute discretion, apply these proceeds to the Obligations as the Mortgagee sees fit or release any insurance proceeds to the Mortgagor to repair, replace or rebuild, but any release of insurance proceeds to the Mortgagor shall not operate as a payment on account of the Obligations or in any way affect this Mortgage.
- (c) The Mortgagor will forthwith, on the happening of loss or damage to the Property, notify the Mortgagee and furnish to the Mortgagee at the Mortgagor's expense any necessary proof and do any necessary act to enable the Mortgagee to obtain payment of the insurance proceeds, but nothing shall limit the Mortgagee's right to submit to the insurer a proof of loss on its own behalf.
- (d) The Mortgagor hereby authorizes and directs the insurer under any required policy of insurance to include the name of the Mortgagee as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by the Mortgagee to any insurer of a notarial or certified copy of this Mortgage (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.
- (e) If the Mortgagor fails to maintain insurance as required, the Mortgagee may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as the Mortgagee may wish to maintain.

14. PERFORMANCE OF OBLIGATIONS

If the Mortgagor fails to perform its Obligations hereunder, the Mortgagee may, but shall not be obliged to, perform any or all of such Obligations without prejudice to any other rights and remedies of the Mortgagee hereunder, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred in connection therewith shall be payable by the Mortgagor to the Mortgagee forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall be a charge upon the Property in favour of the Mortgagee prior to all claims subsequent to this Mortgage.

15. QUIET POSSESSION

Until default in payment of some part of the money payable hereunder or on breach of any covenant, agreement or proviso herein contained, the Mortgagor shall have quiet possession of the land and premises.

16. SUMS OWING

The Mortgagor covenants with the Mortgagee that any sum owing or required by this Mortgage to be paid by the Mortgagor to the Mortgagee shall be added to the Indebtedness secured and shall form a charge upon the lands and premises and shall bear interest at the highest rate borne by any of the Obligations until paid.

17. FEES

The attached Schedule "C2" outlines fees currently in effect for this mortgage. If you do not pay any of these fees when due, we may add them to the balance owing on your mortgage and additional interest will accrue on such unpaid fees at the rate set herein.

18. SCHEDULES

All schedules to this mortgage shall form part of this mortgage.

19. EXTENSION OF TIME

No extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under him or any other person, or any other dealing by the Mortgagee with the owner of the equity of redemption shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for performance of the Obligations.

20. CONDOMINIUMS

If this Mortgage is of a unit within a plan of condominium the following provisions shall apply:

- (a) The Mortgagor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Mortgagor by Applicable Laws applying to condominiums and by the condominium declaration, the by laws and the rules, as amended from time to time, of the condominium corporation that governs the Property (the "Condominium Corporation"), by virtue of the Mortgagor's ownership of the Property. Any breach of such duties and obligations shall constitute a breach of covenant under this Mortgage.
- (b) Without limiting the generality of the foregoing, the Mortgagor covenants and agrees that the Mortgagor will pay promptly when due any contributions to common expenses required of the Mortgagor as owner of the Property and in the event of the Mortgagor's default in doing so the Mortgagee, at its option, may pay the same and the amount so paid shall be added to the amounts secured by this Mortgage and bear interest at the Interest Rate from the time of such payments and the amounts so paid shall be a charge on the Property and shall be payable forthwith by the Mortgagor to the Mortgagee whether or not any payment in default has priority to this Mortgage or any part of the amounts secured hereby.

- (c) The Mortgagor by this Mortgage irrevocably authorizes and empowers the Mortgagee to exercise the Mortgagor's right as owner of the Property to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:
- (i) the Mortgagee may at any time or from time to time give notice in writing to the Mortgagor and the said Condominium Corporation that the Mortgagee does not intend to exercise the said right to vote or consent and in that event until the Mortgagee revokes the said notice the Mortgagor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;
  - (ii) the Mortgagee shall not by virtue of the assignment to the Mortgagee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Mortgagor; and
  - (iii) the exercise of the right to vote or consent shall not constitute the Mortgagee a mortgagee in possession.

21. CONSTRUCTION ADVANCES

If the Principal Sum is advanced to pay for the construction or erection of any building or alteration or improvements to the Property, the Mortgagor covenants and agrees as follows:

- (a) The Mortgagee may advance the Principal Sum in such amounts and at such times as it may determine in its sole discretion, and may require such appraisals or inspections, at the cost of the Mortgagor, as may be required to set the amount of the advance. Accrued interest on progress advances from the date of these advances will be paid in monthly installments starting on the first day of the next month after the first advance, and on the first day of each following month. The balance of the interest must be paid on the Interest Adjustment Date. Interest will be payable at the Interest Rate and calculated daily. The accrued interest may be deducted out of the proceeds of each partial advance of the Principal Sum. The Interest Adjustment Date and Maturity Date will be set on the date of first advance.
- (b) The Mortgagee may retain out of any and all advances made such amounts as it may deem necessary to cover any builders, mechanics or construction liens until any and all such liens are discharged, and that the Mortgagee may also retain out of any and all advances made, a sum sufficient to provide for an indemnify of the Mortgagee against such liens that may exist or be claimed; and it shall not be liable or responsible to the Mortgagor for the validity or correctness of any such claim, and if the Mortgagee pays any such liens to an amount greater than the balance of monies which it shall have on hand to be advanced under this Mortgage, such sums so paid shall be a further charge on the Property, and shall bear interest at the Interest Rate;
- (c) That it will proceed with due diligence with the construction and completion of the building or improvements in accordance with all applicable government laws, by-laws, rules and regulations and building codes and standards and in case the Mortgagor should fail in the construction of the building or improvements or should neglect to carry on the work, the Mortgagee may, in its sole discretion, enter upon the Property with power, in its absolute discretion, to complete the same and apply all or any unadvanced portion of the Principal Sum towards payment of the costs (and interest thereon, if any) of completing the building or improvements, without thereby becoming liable as mortgagee in possession;
- (d) In case of the failure of the Mortgagor to complete the construction of the building or

improvements on the Property, or in case any lien is registered against the Property, the monies secured by this Mortgage shall, at the option of the Mortgagee, immediately become due and payable and the Mortgagee may, regardless of whether it proceeds with the completion of the building or improvements, exercise its remedies under this Mortgage;

- (e) That in addition to the insurance requirements set out in this Mortgage, it will maintain and cause to be maintain all builder's risk insurance in such form as the Mortgagee may require during the construction of the building or improvements on the Property naming the Mortgagee as its interest may appear; and,
- (f) That it will observe and perform all terms, provisions and conditions pursuant to any loan agreement, term sheet, collateral agreement and security agreement in relation to the Principal Sum that may be advanced under this Mortgage.

## 22. FARM LANDS

If the Property is farm lands, the Mortgagor will in each year during the Term either put into crop or summer fallow in good, and proper manner every portion of the Property which has been or may after the date of this Mortgage be brought under cultivation, and will keep the Property clean and free from all noxious weeds and generally see that the Property does not depreciate in any way.

## 23. DEFAULT

The Mortgagor shall be in default under this Mortgage and shall be deemed to be in default under all other agreements between the Mortgagor and the Mortgagee, unless waived by the Mortgagee, in any of the following events:

- (a) the Mortgagor defaults, or threatens to default, in payment when due of any of the Obligations of the Mortgagor to the Mortgagee; or
- (b) the Mortgagor is in breach of, or threatens to breach, any term, condition or covenant of the Obligations to the Mortgagee, whether or not contained in this Mortgage or in the Commitment; or
- (c) the Mortgagor or a guarantor of the Mortgagor declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment or any order of judgment is issued by a court granting any of the foregoing; or
- (d) a receiver, receiver and manager or receiver-manager of all or any part of the Property is appointed; or
- (e) the Mortgagor or a guarantor of the Mortgagor ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
- (f) distress or execution is levied or issued against the Property or any part thereof; or

- (g) without the prior written consent of the Mortgagee, the Mortgagor creates or permits to exist any charge, encumbrance or lien on or claim against or any security interest in the Property which ranks or could in any event rank in priority to or *pari passu* with any security interest created by this Mortgage; or
- (h) the holder of any other charge, encumbrance or lien on or claim against, or security interest in, any of the Property does anything to enforce or realize on such charge, encumbrance, lien, claim or security interest; or
- (i) any representation or warranty made by the Mortgagor to the Mortgagee, whether or not contained in this Mortgage or the Commitment is untrue; or
- (j) a default occurs under any agreement, promissory note, debt obligation, guarantee or other document now or hereafter granted to any other bank or financial institution by the Mortgagor; or
- (k) if the Mortgagor or a guarantor of the Mortgagor is a company or a partnership, an order is made or an effective resolution is passed for the dissolution, liquidation or winding up of the Mortgagor or the guarantor of the Mortgagor; or
- (l) the Mortgagor, if a company, enters into any reconstruction, reorganization, amalgamation, merger or other similar arrangement with any other person, without the Mortgagee's prior written consent; or
- (m) the Mortgagor, if an individual, dies or is declared incompetent by a court of competent jurisdiction; or
- (n) if the Mortgagor or a guarantor of the Mortgagor is a corporation and its voting control changes without the Mortgagee's written consent; or
- (o) the Mortgagor uses any monies advanced by the Mortgagee to the Mortgagor for any purpose other than as agreed upon by the Mortgagee; or
- (p) the Mortgagor cause or allows hazardous materials to be brought upon any lands or premises occupied by the Mortgagor or to be incorporated into any of its assets, or the Mortgagor causes, permits or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
- (q) if any encumbrance or construction lien is registered upon the Property and is not discharged within 10 days of being registered; or
- (r) if any part of the Property is condemned or expropriated, provided that in respect of any expropriation, only if such expropriation gives rise to proceeds of expropriation in excess of 20% of the appraised value of the Property established as of the date of this Mortgage or if such expropriation materially impairs (i) the value of the Property or any other security delivered to the Mortgagee in connection with the Mortgage or (ii) the ability of the Mortgagor to fulfill its obligations under this Mortgage; or

- (s) the Mortgagee in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the Obligations is impaired or that any of the Property or any part thereof is or is about to be placed in jeopardy.

24. ENFORCEMENT

- (a) Upon any default under this Mortgage, the Mortgagee may withhold any future advances and may declare the full amount of any or all of the Obligations, whether or not payable on demand, to become immediately due and payable. To enforce and realize on the Mortgage, the Mortgagee may take any action permitted by law or in equity, as it may deem expedient, and in particular without limiting the generality of the foregoing, the Mortgagee may do any of the following:
  - (i) appoint by instrument a receiver, a receiver and manager or a receiver-manager (the person so appointed is hereinafter called the "Receiver") of the Property, with or without bond as the Mortgagee may determine, and from time to time in its absolute discretion remove such Receiver and appoint another in its stead;
  - (ii) enter upon any premises of the Mortgagor and take possession of the Property with power to exclude the Mortgagor, its agents and its servants therefrom, without becoming liable as a mortgagee in possession;
  - (iii) hold, preserve, protect and maintain the Property and make such replacements thereof and repairs and additions thereto as the Mortgagee may deem advisable;
  - (iv) if the Mortgagee enters into and takes possession of the Property, it shall be entitled to have, hold, use, occupy, possess and enjoy the Property without let, suit, hindrance, interruption or denial of the Mortgagor or any other person and without charge. The Mortgagee may maintain, repair and complete the construction of any improvements thereon, inspect, manage, take care of, collect rents and lease the Property for such terms and on such conditions and provisions (including providing any leasehold improvements and tenant inducements) as the Mortgagee may determine in its sole discretion, which lease shall have the same effect as if made by the Mortgagor, and all costs, charges and expenses incurred by the Mortgagee in the exercise of such rights (including allowances for the time, service or effort of any person appointed by the Mortgagee for the above purposes, and all reasonable legal fees and disbursements incurred as between a solicitor and his own client), together with interest thereon at the highest rate applicable to the Obligations shall be payable forthwith by the Mortgagor to the Mortgagee, and until paid shall be added to the Obligations and shall be secured by this Mortgage. Each lease or renewal of lease made by the Mortgagee while in possession of the Property shall continue for its full term notwithstanding the termination of the Mortgagee's possession;
  - (v) whether or not the Mortgagee has entered into possession the Mortgagee may in its discretion, carry on, or concur in the carrying on of all or any part of the business or undertaking of the Mortgagor relating to the Property;
  - (vi) raise money on the security of the Property or any part thereof in priority to this Mortgage or otherwise, as reasonably required for the purpose of the maintenance, preservation or protection of the Property or any part thereof or to carry on all or any part of the business of the Mortgagor relating to the Property;



- (vii) sell, lease or otherwise dispose of all or any part of the Property, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Mortgagee may seem reasonable, provided that if any sale, lease or other disposition is on credit the Mortgagor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies therefor are actually received;
  - (viii) the Mortgagee may sell the Property or any part thereof by foreclosure and sale or power of sale or private sale approved by the court in accordance with Applicable Laws.
- (b) A Receiver appointed pursuant to this Mortgage shall be the agent of the Mortgagor and not of the Mortgagee and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of the Mortgagee hereunder, and in addition shall have power to:
- (i) carry on the business of the Mortgagor and for such purpose from time to time to borrow money on any of the Property; such security interest may rank before or *pari passu* with or behind the Mortgage, and if it does not so specify such security interest shall rank before the Mortgage;
  - (ii) make an assignment for the benefit of the Mortgagor's creditors or a proposal on behalf of the Mortgagor under the *Bankruptcy and Insolvency Act* (Canada);
  - (iii) commence, continue or defend proceedings in the name of the Receiver or in the name of the Mortgagor for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Property; and
  - (iv) make any arrangement or compromise that the Receiver deems expedient.
- (c) Subject to the claims, if any, of the creditors of the Mortgagor ranking in priority to this Mortgage, all amounts realized from the disposition of Property pursuant to this Mortgage will be applied as the Mortgagee, in its absolute discretion, may direct as follows:
- (i) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by the Mortgagee in connection with or incidental to:
    - A. the exercise by the Mortgagee of all or any of the powers granted to it pursuant to this Mortgage; and
    - B. the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to it pursuant to this Mortgage, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
  - (ii) in or toward payment to the Mortgagee of all principal and other monies (except interest) due in respect of the Obligations; and

- (iii) in or toward payment to the Mortgagee of all interest remaining unpaid in respect of the Obligations.

Subject to Applicable Laws and the claims, if any, of other creditors of the Mortgagor, any surplus will be paid to the Mortgagor.

25. SET OFF

Without limiting any other right the Mortgagee may have, the Mortgagee may, in its sole discretion at any time and without notice, set off any and all amounts owed to the Mortgagor by the Mortgagee in any capacity and, whether or not due, against the Obligations.

26. DEFICIENCY

If the amounts realized from the disposition of the Property are not sufficient to pay the Obligations in full the Mortgagor will immediately pay to the Mortgagee the amount of such deficiency.

27. RIGHTS CUMULATIVE

All rights and remedies of the Mortgagee set out in this Mortgage, and in any other agreement or document held by the Mortgagee from the Mortgagor or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained herein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or in any existing or future Mortgage now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Mortgagor and the Mortgagee that may be in effect from time to time.

28. APPOINTMENT OF ATTORNEY

The Mortgagor hereby irrevocably appoints the Mortgagee or the Receiver, as the case may be, with full power of substitution, to be the attorney of the Mortgagor for and in the name of the Mortgagor to sign, endorse or execute under seal or otherwise any deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Mortgagor is obliged to sign, endorse or execute and generally to use the name of the Mortgagor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Mortgagee or the Receiver, as the case may be, pursuant to this Mortgage.

29. LIABILITY TO ADVANCE

None of the preparation, execution, perfection and registration of this Mortgage or the advance of any monies shall bind the Mortgagee to make any advance or loan or further advance or loan, or renew any note or extend any time for payment of any indebtedness or liability of the Mortgagor to the Mortgagee.

30. RENEWAL

The Mortgagor covenants with the Mortgagee that any agreement in writing between the Mortgagor and the Mortgagee for renewal of this Mortgage or extension of the term for payment of the money payable hereunder, or any part thereof, or for any change in the terms herein, prior to the execution by the Mortgagee of a discharge or release of this Mortgage, need not be registered, but shall be effectual and binding to all intents and purposes on the lands and on the Mortgagor, and on any mortgagee, assignee or transferee who acquires an interest in the lands or any part thereof subsequent to the date of this Mortgage and shall take priority as against such mortgagee, assignee or transferee when

deposited with or held at the office of the Mortgagee and shall not release or affect any covenant or agreement herein or collateral hereto.

31. SUBDIVISION RELEASE AND REPLACEMENT OF PROPERTY

The Mortgagor hereby agrees with the Mortgagee that:

- (a) Every part or lot into which the Property is or may hereafter be divided does and shall stand charged with the whole of, the Obligations hereby secured and no person shall have any right to require the Obligations to be apportioned upon or in respect of any such part or lot.
- (b) The rights of the Mortgagee hereunder shall not be prejudiced nor shall the liability of the Mortgagor or any other person liable hereunder be reduced in any way or discharged by the taking of any other security, evidence of indebtedness or covenant for payment of any nature or kind whatsoever either at the time of execution of this Mortgage or at any time hereafter.
- (c) The Mortgagee may from time to time release or discharge the whole or any part or parts of the Property or any other security or any surety for the Obligations payable hereunder for such consideration as the Mortgagee shall think proper or without any or any sufficient consideration without being accountable for the value thereof or for any monies except those actually received by the Mortgagee and may at any time and from time to time without notice to or any consent or concurrence by any person make any settlement, extension or variation in terms of any obligation hereunder and no such release, discharge, settlement, extension or variation in terms nor any carelessness or neglect by the Mortgagee in asserting its rights nor any other thing whatsoever, including, without in any way limiting the generality of the foregoing, the loss by operation of law of any right of the Mortgagee against the Mortgagor or any other person or the loss or destruction of any security shall in any way release, diminish or prejudice the security of this Mortgage as against any Property remaining undischarged or release or prejudice any covenants herein contained or release or diminish the liability of the Mortgagor or any other person liable hereunder so long as any Obligations expressed by this Mortgage to be payable remains unpaid, and no security or surety shall be deemed to be released or discharged save by a formal release or discharge executed by the Mortgagee.

32. WAIVER

The Mortgagee may from time to time and at any time waive in whole or in part any right, benefit or default under any clause of this Mortgage but any such waiver of any right, benefit or default on any occasion shall be deemed not to be a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default, as the case may be. No waiver shall be effective unless it is in writing and signed by the Mortgagee. No delay or omission on the part of the Mortgagee shall operate as a waiver of such right or any other right.

33. NOTICE

Notice may be given to either party by delivering the same to the party for whom it is intended, at the principal address of such party provided herein or at such other address as may be given in writing by such party to the other.

34. EXTENSIONS

The Mortgagee may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Mortgagor, sureties and others and with the Property as the Mortgagee may see fit without prejudice to the liability of the Mortgagor or the Mortgagee's right to hold and realize on the security constituted by this Mortgage.

35. NO MERGER

This Mortgage shall not operate so as to create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may hereafter be held by the Mortgagee from the Mortgagor or from any other person whomsoever. The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the covenants contained in this Mortgage.

36. ASSIGNMENT

The Mortgagee may, without further notice to the Mortgagor, at any time assign, transfer or grant a security interest in any of the Obligations or this Mortgage. The Mortgagor expressly agrees that the assignee, transferee or secured party, as the case may be, shall have all of the Mortgagee's rights and remedies under this Mortgage and the Mortgagor will not assert any defense, counterclaim, right of set-off or otherwise against any party in any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

37. SATISFACTION AND DISCHARGE

Any partial payment or satisfaction of the Obligations, or any ceasing by the Mortgagor to be indebted to the Mortgagee from time to time, shall be deemed not to be a redemption or discharge of this Mortgage. The Mortgagee may in its sole discretion grant partial discharges or releases in respect of any of the Property on such terms and conditions as it shall deem fit and no such partial discharges or releases shall affect the Mortgage on the remainder of the Property or alter the Obligations of the Mortgagor, The Mortgagor shall be entitled to a release and discharge of this Mortgage upon full payment and satisfaction of all Obligations and upon written request by the Mortgagor and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Mortgagee in connection with the Obligations and such release and discharge.

38. ENUREMENT

This Mortgage shall enure to the benefit of the Mortgagee and its successors and assigns, and shall be binding upon the respective heirs, executors, personal representatives, successors and permitted assigns of the Mortgagee, Spouse of the Mortgagor and any Guarantor.

39. INTERPRETATION

In this Mortgage:

- (a) "Mortgagor" and the personal pronouns "he", "his", "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Mortgagor is one or more individuals, corporations or partnerships;
- (b) each of the provisions contained in this Mortgage is distinct and severable and the invalidity or unenforceability of the whole or any part of any clause of this Mortgage shall not affect the validity or enforceability of any other clause or the remainder of such clause;
- (c) the headings of the clauses of this Mortgage have been inserted for reference only and do not define, limit, alter or enlarge the meaning of any provision of this Mortgage;
- (d) words in the singular shall include the plural, and vice versa, and the masculine, feminine and neuter genders are used interchangeably and shall be deemed to include the other genders;
- (e) this Mortgage shall be governed by the laws of the jurisdiction in which the Property is situated.

40. TIME

Time shall in all respects be of the essence.

41. JOINT AND SEVERAL

If more than one Mortgagor executes this Mortgage, the obligations of such Mortgagors shall be joint and several.

42. SPOUSAL CONSENT

The Spouse of the Mortgagor hereby consents, pursuant to the Applicable Laws governing matrimonial property, to this Mortgage and hereby releases any and all right, title and interest which the Spouse of the Mortgagor may have with respect to the Property.

43. WHO IS BOUND BY YOUR MORTGAGE

You agree to observe and be bound by all of the terms and obligations contained in this mortgage. This mortgage will also be binding on your legal or personal representatives, our legal representatives and anyone else to whom your interest is transferred. As well, it will be binding on anyone to whom it is transferred from us. All Borrowers signing this mortgage are collectively and individually (that is jointly and severally) bound to comply with all obligations under this mortgage.

44. SIGNING THIS MORTGAGE

If you have read this mortgage and you agree to its terms, sign in the spaces provided for your signatures. Witnesses must sign in the space provided for the witnesses' signatures. Necessary legal seals should be added next to your signatures.

You acknowledge receiving a copy of this mortgage.

SIGNED, SEALED and DELIVERED )  
 )  
in the presence of: ) \_\_\_\_\_  
 ) Mortgagor  
 ) \_\_\_\_\_  
 ) Mortgagor  
 ) \_\_\_\_\_  
 ) Spouse of Mortgagor  
 ) \_\_\_\_\_  
 ) Guarantor  
 ) \_\_\_\_\_  
 ) Guarantor

PROVINCE OF

AFFIDAVIT OF EXECUTION

ON THIS \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the subscriber, personally came and appeared, \_\_\_\_\_ a subscribing witness to the foregoing Mortgage who, having been by me duly sworn, made oath and said that \_\_\_\_\_, one of the parties thereto, executed the same by its proper signing officers in their presence.

\_\_\_\_\_  
A Barrister of the Supreme Court of \_\_\_\_\_

AFFIDAVIT OF STATUS

*Solicitor to prepare according to jurisdiction and situation.*



**SCHEDULE "C1"**

**PREPAYMENT OPTIONS FOR COMMERCIAL MORTGAGES  
As at the execution date of this mortgage and/or mortgage renewal**

**1. Prepayment Privileges**

"Please refer to your Mortgage Commitment for the prepayment privileges associated with this commercial mortgage."

**2. Prepayment Charges**

"If the terms of your mortgage permit you to payout all or a portion of your mortgage balance before the end of your mortgage term subject to the payment of a prepayment penalty, as set out in the Mortgage Commitment, the penalty will be the greater of: three (3) months interest at your contracted interest rate OR an interest rate differential on the amount of prepayment. The interest rate differential is calculated on the date the payout statement is prepared by multiplying the following: a) the difference between your contracted interest rate and the current posted interest rate\*\* of a mortgage with a similar term to maturity (ie. a term equal to the time remaining on your mortgage - as shown in Table 1 below); b) the amount you want to prepay; and c) the number of months remaining on your mortgage term until maturity. For a detailed example of a comparison between the three (3) months interest calculation and the interest rate differential calculation see Table 2 below.

\*\* For more information on posted interest rates, financial calculators or to obtain balance and payout information, please call us toll free at 1-800 668-2879 or visit our web site at www.lsm.ca

**Table 1 - Similar Term to Maturity**

<b>Time Remaining on Your Mortgage</b>	<b>Mortgage with Similar Term to Maturity</b>
Greater than 6 months and less than or equal to 18 months (i.e. 0.5 to 1.5 years)	1 year
Greater than 18 months and less than or equal to 30 months (i.e. < 1.5 to 2.5 years)	2 years
Greater than 30 months and less than or equal to 42 months (i.e. < 2.5 to 3.5 years)	3 years
Greater than 42 months and less than or equal to 54 months (i.e. < 3.5 to 4.5 years)	4 years
Greater than 54 months and less than or equal to 60 months (i.e. < 4.5 to 5.0 years)	5 years

**Table 2 - Prepayment Charge Calculation**

In this example, a member has a mortgage of \$100,000 that he/she wants to pay off 40 months and 15 days early. The member's contracted annual interest rate is 6%, and the current 3 year interest rate (mortgage with a similar term to maturity) is 5.50%.

- The 3 month interest penalty would be calculated using the member's contracted annual interest rate of 6%.
- The interest rate differential penalty would be calculated using the difference between the member's contracted annual interest rate and the current posted interest rate on a mortgage with a similar term to maturity. In this example, as the term remaining on the member's mortgage is 40 months and 15 days (or 3.375 years) it has a similar term to maturity as a 3 year mortgage (see Table 1). The interest differential is therefore equal to the difference between the member's interest rate of 6% and the current 3 year interest rate of 5.50% (i.e. 0.50%).

Examples of the calculations for the 3 month interest penalty and the interest rate differential penalty are shown below.

<b>3 Months Interest:</b>		<b>OR</b>	<b>Interest Rate Differential (IRD)</b>	
Amount you want to prepay	\$100,000 (A)		Your interest rate	6.000% (A)
Your interest rate	6.000% (B)		Similar term to maturity rate (3 yrs)	5.500% (B)
(A) x (B) = Annual Interest	\$6,000 (C)		(A) - (B) = Rate Differential	0.500% (C)
(C) Annual Interest / 12 x 3 Mos	\$1,500 (3 mos interest penalty)		Amount you want to prepay	\$100,000 (D)
			Your term to maturity	40.5 months (E)
			((C) x (D)) x ((E) / 12)	\$1,687.50 (IRD penalty)

In the above example, the greater of the 3 months interest penalty (\$1,500) or the interest rate differential penalty (\$1,687.50) would be the interest rate differential penalty. Therefore, the mortgage prepayment penalty that would be charged in the above example would be the interest rate differential penalty of \$1,687.50.

**SCHEDULE "C2" FEES**

**AS AT THE EXECUTION DATE OF THIS MORTGAGE AND/OR MORTGAGE RENEWAL**

1. Fire Insurance Administration Fee - \$100.00 plus cost of insurance premium
2. Maximum Renewal Fee - The greater of \$200.00 or 1/10 of 1% of the balance at the time of renewal
3. Release Fees - \$150.00 if refinancing with League Savings  
- \$300.00 if loan paid out prior to being fully amortized  
- \$150.00 if loan fully amortized
4. NSF Cheque Fees - \$50.00 per occurrence
5. Audit Confirmation Fee - \$25.00 per statement
6. Max Mortgage Amendment Fee - The greater of \$200.00 or 1/10 of 1% of the balance at the time of amendment
7. General Security Agreement (PPSA) (if required) - The document will be registered for the amortized period of the loan and a fee charged to the mortgage account in accordance with Provincial legislation.
8. Maximum Annual Review Fee - The greater of \$200.00 or 1/10 of 1% of the balance at the time of review.
9. Property Tax Administration Fee, where applicable - As billed by your municipality

**NOTE: League Savings and Mortgage Company reserves the right to make changes to the above fees from time to time. In the event of fee changes, we will provide you with 30 days notice.**

**EFFECTIVE DATE March 1, 2015**