

STANDARD CHARGE TERMS  
CLAUSES TYPES DE CHARGE

Filing No. 200012 Cote  
Filing Date 23 FEB 2000 Date de Dépôt  
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The Bank of Nova Scotia

Collateral Mortgage  
(Land Titles Act and Registry Act)

Form 1  
Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

Filed by The Bank of Nova Scotia.

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

1. DEFINITIONS

In this set of standard charge terms, in any schedules attached to a Charge/Mortgage of Land (Form 2) and in any charge registered electronically pursuant to the Land Registration Reform Act of Ontario, **mortgage** means the Charge/Mortgage of Land (Form 2) in which this set is referred to by its filing number, any schedules attached to the Charge/Mortgage of Land and this set of standard charge terms or the charge electronically registered in which this set is referred to by its filing number and this set of standard charge terms. **You** and **Your** mean each person who has signed the mortgage as Chargor. **We**, **our** and **us** mean The Bank of Nova Scotia, the Chargee. **Obligations secured** means the debts and liabilities described in these standard charge terms under the heading **Payment Provisions**. **Prime** means our Prime Lending Rate being a variable per annum reference rate of interest as announced and adjusted by us from time to time for loans made by The Bank of Nova Scotia in Canada in Canadian dollars. **Property** means the property described in the mortgage and anything else included under the heading **Description of Property Covered** in these standard charge terms. The mortgage is made in pursuance of the Mortgages Act and is registered in accordance with the Land Registration Reform Act of Ontario. **Sign** includes becoming a party to a document registered electronically.

2. PAYMENT PROVISIONS

- (a) You charge the property covered by the mortgage with payment to us on demand of all of the debts and liabilities described in paragraph (e).
- (b) Where the mortgage sets out a principal amount that applies to all of the debts and liabilities described in paragraph (e), the charge is limited, as to amounts other than interest, to a maximum of the principal amount so set out, plus the additional amounts payable under the heading **We may recover our expenses** in this set of standard charge terms.
- (c) Where the mortgage sets out an interest rate that applies to all of the debts and liabilities described in paragraph (e), the charge is limited, as to interest, to a maximum of the interest at the rate so set out, and interest on overdue interest at the same rate. If the mortgage sets out how that interest rate is calculated or payable, the interest and overdue interest will be calculated and payable in that way, both before and after maturity, default and judgment. If the mortgage does not set out how that interest rate is calculated or payable, the interest and overdue interest will be calculated and payable monthly, both before and after maturity, default and judgment. The interest will be calculated for the actual number of days elapsed. The interest rate under the heading **We may recover our expenses** does not apply to all of the debts and liabilities described in paragraph (e).
- (d) If the debts and liabilities described in paragraph (e) exceed any limits set out in paragraph (b) or (c), we may decide what part of them is secured by the mortgage.
- (e) The debts and liabilities referred to above are all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by you to us or remaining unpaid by you to us, in any currency, whether arising from dealings between you and us or from any other dealings or proceedings by which we may be or become in any manner whatever your creditor, and wherever incurred, and whether incurred by you alone or with another or others and whether as principal or surety.

3. **DESCRIPTION OF PROPERTY COVERED**

Any buildings on the property described in the mortgage and any other property that is at any time attached or fixed to the land or buildings or placed on and used in connection with them is covered by the mortgage. Additions, alterations and improvements to the buildings are also covered by the mortgage.

4. **OUR SECURITY**

(a) **What the mortgage does**

Except where your interest in the property is as a tenant under a lease, you hereby grant and mortgage your entire interest in the property to us, as security for the payment of the obligations secured. This means you give your entire interest in the property to us and our successors and assigns (called our legal representatives) and which includes anyone to whom this mortgage is transferred in any way.

Where your interest in the property is as a tenant under a lease, you give us the following security. You charge the leasehold interest to us, where you can do so without assigning it to us. You sublease the property to us for and during the unexpired residue of the term of years of the lease, except the last day of the term. You will hold every other interest of yours under the lease in trust for us, including any right of renewal or right to purchase. You will transfer the interest to us or anyone we may name, if we ask you to do so. We may at any time in writing and without cause remove any trustee and appoint a new trustee or trustees of the trust of the interest, and vest the interest to the new trustee. You will not, without our prior written consent, allow your interest to become merged in the landlord's interest, and if you acquire that interest you will give us security over it. You will exercise any option granted by the lease to purchase the property or renew the lease if and when we ask you to do so, and thereafter do everything needed to complete the purchase of the property or renew the lease. You will give us security over the property purchased or the renewed lease. Where you are to give us security under this paragraph, it must be on the same terms as the mortgage. You irrevocably appoint us your attorneys to do any of the things you must do under this paragraph, but we are under no obligation to do them. We may authorize anyone to exercise this power for us.

The mortgage secures a current or running account. Although the mortgage is not satisfied or discharged by any intermediate payment of all or part of the obligations secured but is a continuing security for payment of the obligations secured, our interest in the property under the mortgage will end when:

- (i) you have repaid the obligations secured on our demand and repaid all additional amounts to which we may become entitled under the mortgage, and
- (ii) you have fulfilled all of your other obligations to us under the mortgage, and
- (iii) we have delivered to you a discharge of the mortgage.

You may remain in possession of the property as long as you are not in default under any of the obligations secured or under any agreements evidencing or securing the obligations secured and as long as you meet all your other obligations to us under the mortgage.

(b) **Your title to the property**

Except where you have provided to us a copy of a lease showing that your interest in the property is as a tenant under a lease, and we have accepted that the mortgage is of your interest under the lease, you certify that you own the property; that you have the right to charge the property to us; and that there are no restrictions, limitations or encumbrances on your title to the property or on your ability to charge the property to us, except as set out in this mortgage or as disclosed by the records of the land registry office and accepted by us. You agree not to do anything that will interfere with our interest in the property, and to sign or otherwise execute any other documents which we think are necessary to charge to us your interest in the property.

Where you have provided to us a copy of a lease showing that your interest in the property is as a tenant under a lease, and we have accepted that the mortgage is of your interest under the lease, you certify as follows. You are entitled to the term of years created by the lease, and any options to purchase or renew granted by the lease. The lease is valid and in force. The person that created every interest on which the lease depends had a good title to the interest required to create a valid interest, free from encumbrances. The tenant's obligations are complied with. You have the right to sublease the property to us and create a trust of every other interest under the lease, including any right of renewal or right to purchase. You have obtained the necessary consent to do so. There are no restrictions, limitations or encumbrances on your title to the term and options or on your ability to sublease the property to us or create the trust of every other interest under the lease, including any right of renewal or right to purchase, except as set out in the lease or in the mortgage. You agree not to do anything that will interfere with our interest in the property,

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and to sign or otherwise execute any other documents which we think are necessary to sublease the property to us and create the trust set out above.

(c) **Effect of the mortgage on other obligations**

The mortgage does not release you from or alter any of your other obligations to us or agreements with us. The mortgage does not affect any other security we hold for the payment of the obligations secured, or any other right we may have to enforce the payment of the obligations secured. Our acceptance of the mortgage or our giving credit secured by the mortgage does not mean we must make credit available or continue to do so.

(d) **Effect of sale or transfer of property**

If you sell or transfer the property or any part of it or any interest in the property or any part of it, then, at our option, you will immediately pay to us all of the obligations secured under the mortgage and, if we do not require you to pay to us the obligations secured under the mortgage, your continued liability and responsibilities under the mortgage and our rights against either you or anyone else who is liable for the payment of any of the obligations secured are not affected.

(e) **Effect of subdivision**

If the property is subdivided, each part of the property will secure payment of the total amount of the obligations secured.

5. **YOUR RESPONSIBILITIES AS TO THE PROPERTY**

(a) **Taxes and other charges**

You will pay all taxes on the property when they are due. You will immediately give us a receipt showing that they have been paid if we ask for it. You will pay all charges, mortgages, liens and other encumbrances on the property when they are due and comply with your other obligations under them. If you do not pay any taxes, charges, mortgages, liens or other encumbrances when they are due, we may pay them and charge to you the amount paid as an additional amount secured under the mortgage. In this paragraph, "taxes" include all present and future taxes, rates, levies, charges, rents, assessments, statute, labour or other impositions on the property or on any person in respect of the property.

(b) **Insurance**

You will insure with an insurer satisfactory to us and under a policy satisfactory to us all buildings covered by the mortgage against loss or damage by fire, extended perils and other perils usually covered in fire insurance policies. If there is a boiler or a sprinkler system in those buildings, your insurance must cover loss or damage caused by the boiler and equipment operated by it or caused by the sprinkler system. You will insure against any other risks which we require you to insure against. The buildings must be insured for their replacement cost in Canadian dollars.

If we think it is necessary we can require you to cancel any existing insurance on the property, and to provide other insurance which meets our approval. You will assign any insurance you have on the property, or the proceeds of that insurance, to us at our request. You must give us proof that you have insured as required above and you must at least 10 days before any insurance expires or is terminated give us proof that you have renewed or replaced it. If you fail in any way to comply with these obligations, we may (but we are not obliged to) obtain insurance on your behalf and charge the amount of any premium to you as an additional amount secured under the mortgage. If loss or damage occurs, you will provide us with all necessary proofs of claim and do everything else necessary to enable us to obtain payment of insurance proceeds. Insurance proceeds may, in whole or in part, at our option, be used to rebuild or repair damaged buildings or be used to reduce all or part of the obligations secured.

(c) **Keeping the property in good condition**

You will keep the property in good condition and make any repairs that are needed. You will not do anything, or let anyone else do anything that lowers the value of the property. If you do not keep the property in good condition, or if you do anything, or anyone else does anything, that lowers the value of the property, we may make any needed repairs and charge the cost of them to you as an additional amount secured under the mortgage.

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**(d) Construction of buildings**

Expressions in this paragraph have the same meanings as in the Construction Lien Act as amended or re-enacted; **improvement** includes construction, alteration, repair and demolition. If any improvement is made to the property you must inform us in writing immediately if it has started and otherwise before it is started. You agree that any improvement to the property will occur only according to contracts, plans and specifications approved in writing by us in advance. You must complete any improvement to the property as quickly as possible. You must comply with all of your legal obligations as to payment of the price for any improvement to the property and provide us with proof of compliance when we ask for it; we may withhold any advance until we are satisfied that you have complied. If you fail to comply with any of your obligations to us under the mortgage, we may obtain an order vacating any construction lien, or obtain or provide a financial guarantee bond or other security, if we consider that necessary to facilitate enforcement of the mortgage, and we may charge our expenses of doing so to you as an additional amount secured under the mortgage. Those expenses will include our charges for providing a bond or security if we provide it. You authorize us to provide information about the mortgage to any person claiming a construction lien on the property, as required by law.

**(e) Legal requirements**

You will observe and conform to all laws and requirements of any government authorities relating to the property. If you fail in any way to comply with these laws and requirements, we may (but are not obliged to) comply with them on your behalf and charge our expenses of doing so to you as an additional amount secured under the mortgage.

**(f) Condominiums**

The following provisions apply to any condominium unit that is part of the property. In the mortgage, the Condominium Act as amended or re-enacted is called the "Act." Expressions used in provisions of the mortgage dealing with a condominium unit which are the same as those in the Act have the same meaning as those in the Act, except that the expression "condominium property" has the same meaning as the word "property" in the Act.

- (i) You will comply with the Act and the declaration, by-laws and rules of the corporation. You will provide us with proof of your compliance from time to time as we may request. You will forward to us copies of any notices, assessments, by-laws, rules and financial statements of the corporation. You will provide us, on request, with any other documents and information that you receive from the corporation or are entitled to receive. You will maintain all improvements made to your unit and repair them after damage.
- (ii) You will insure all improvements which you or previous owners have made to your unit and insure your common or other interest in buildings which are part of the condominium property or assets of the corporation if the corporation fails to insure the buildings as required by the Act and the declaration, by-laws and rules of the corporation. These obligations are in addition to your obligations as to insurance under the heading **Insurance** as far as they apply to a condominium unit.
- (iii) You authorize us to exercise your rights under the Act to vote and to consent. If we do not exercise your rights, you may do so, but you will do so according to any instructions we may give you. We may at any time revoke any arrangement we make for you to vote or to consent. You also authorize us to inspect the corporation's records. Nothing done under this paragraph puts us in possession of your property.
- (iv) If you do not comply with the Act and the declaration, by-laws and rules of the corporation, we may comply with them and charge our costs of doing so to you as an additional amount secured under the mortgage. If we exercise our right to pay common expenses, we can accept statements that appear to be issued by the corporation as conclusive evidence of the amount of those expenses and the dates they are due. You will pay us on demand as additional amounts secured under the mortgage our expenses in relation to any by-law, resolution, rule or other matter (other than one for which only a vote of the majority present at the meeting is required), the enforcement of our right to have the corporation or any owner comply with the Act and the declaration, by-laws and rules of the corporation and our exercising any voting rights we may have.

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**(g) Tenant's Obligations**

The following additional provisions apply where your interest in the property is as a tenant under a lease. You will pay all rent and other amounts due under the lease when they are due. You will immediately give us a receipt showing that they have been paid if we ask for it. You will comply with your other obligations under the lease. If you do not pay rent or other amounts due under the lease or comply with your other obligations under the lease, we may comply with them and charge the cost of doing so to you as an additional amount secured under the mortgage. You will not surrender the lease or make any changes to the lease without first obtaining our written consent. You will notify us immediately if your landlord advises you of early termination or takes any steps to effect termination of the lease.

**6. ASSIGNMENTS OF LEASES AND RENTS**

You assign to us the full benefit of the lessor's interest, and you irrevocably appoint us as your attorney to exercise the lessor's rights, under every present or future lease of the whole or any part of the property.

You assign to us the full benefit of, and you irrevocably appoint us as your attorney to collect, all rents and other monies payable from time to time under every present or future lease of the whole or any part of the property, together with the benefit of all covenants, agreements and terms contained in the lease, and the lessor's rights in respect of the lease, including a guarantee or indemnity, a security and a right to insurance.

You will perform and comply with all lessor's obligations contained in every lease referred to in this section. You will on our request deliver to us a further assignment in registrable form. You will deliver to us on our request an executed copy of every such lease. You will also execute and deliver to us all such notices and other documents as may be required in order to render every assignment effective in law.

You agree that none of our rights or remedies under the mortgage will be delayed or in any way hindered or prejudiced by the assignment or by any act of ours relating to it. We are not obliged to collect any rent or other income from your property nor to comply with or enforce any covenant, agreement and term of any lease or agreement. Nothing we do under this section shall make us a mortgagee in possession of the property. We need only account for rents we actually receive, less reasonable collection charges. We may apply such rents to the repayment of the obligations secured.

**7. ENFORCING OUR RIGHTS**

If you fail to comply with any of your obligations under the mortgage, or if any part of the obligations secured is not paid when due, or if an event of default occurs under any agreement that relates to the obligations secured, we may enforce our rights in any of the ways set out below. These provisions do not limit any other rights given to us by law or the mortgage. We may enforce this and any other security we may have for any of the obligations secured, and enforce our rights under the mortgage, at the same time or at different times and in any order we choose.

**(a) You will make immediate payment**

You will immediately pay to us all of the obligations secured if any part of the obligations secured is not paid when it is due or if you fail to comply with any of your obligations under the mortgage or any other agreement to which you and we are parties.

**(b) We may sue you**

We may take such legal action as is necessary to collect the obligations secured.

**(c) We may take possession of the property and collect rents**

We may take and keep possession of the property, collect rents from it, and manage it or lease it or any part of it. You certify that we will have the right to take possession of the property or collect the rents from it.

**(d) We may sell or lease the property**

If you do not repay the obligations secured within 15 days after we have demanded payment of them, we may take possession of the property and lease the property without notice or we may upon 35 days' notice to you sell the property or we may apply to the appropriate court for permission to sell the property, or your interest in it, without notice.

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After we are in a position to sell the property, or your interest in it, or lease the property, we may sell or lease at any time, in any way, and on any terms which we think are reasonable. If we sell on credit, we need not account for the proceeds until we receive them. We may sell anything on the land separately from the land itself. We may buy in, rescind or vary contracts of sale and resell at any time, in any way, and on any terms which we think are reasonable. When we sell we can transfer to the buyer every interest in the property which you had power to dispose of.

We will use the proceeds of sale or lease to reduce or repay the obligations secured and will pay you any balance remaining after all claims have been satisfied. If the amount we receive from the sale or lease is less than what you owe, you will immediately pay the difference to us.

You agree that a buyer or lessee may pay all of the money due under a sale or lease to us without seeing to the application of the money. You agree that a buyer or lessee under a sale or lease by us will receive a good title to the property or a valid lease of the property. You will not make any claims concerning the sale or lease against the buyer or lessee or their successors in title. If you do have any claims concerning a sale or lease by us, you will make them only against us and only for money damages.

(e) **We may foreclose or sell through the courts**

We may commence court proceedings to foreclose the property, or your interest in it. If we obtain a final order of foreclosure, the property, or your interest in it, will by law become our property. We may also ask a court to order a sale of the property, or your interest in it. We may also ask a court to appoint a receiver (or receiver and manager) of the property.

(f) **We may appoint a receiver**

We may appoint in writing a receiver (or receiver and manager), on any terms (including remuneration) that we think are reasonable, to collect any income from the property. We may make the appointment even if we have taken possession of the property. We may also, in writing, remove a receiver appointed by us and appoint a new receiver. The receiver is considered to be your agent and not ours; his defaults are considered your defaults and not ours. Nothing done by the receiver puts us in possession of the property or makes us accountable for any money except money we actually receive.

The receiver has the right to use any legal remedy (taken in your name or our name) to collect the income from the property; take possession of the property or part of it; manage the property and any business conducted on the property and maintain the property in good condition; lease the property or any part of it; enforce any of our other rights under the mortgage which we delegate to him; and borrow money on the security of the property in priority to the mortgage for these purposes.

(g) **We may recover our expenses**

You will pay us on demand, as additional amounts secured under the mortgage:

- (i) every amount or expense that we may charge to you as an additional amount secured under any other term of the mortgage,
- (ii) our expenses incurred in negotiating the mortgage, investigating title to the property and preparing and registering the mortgage,
- (iii) our expenses incurred in collecting payment after default of the obligations secured, and
- (iv) our expenses incurred in enforcing our rights under the mortgage,

including our reasonable legal fees on a solicitor and own client basis and interest on the total amount of those amounts and expenses from the date we incur them to the date you pay them to us at a rate of interest equal to Prime plus 2 % per annum, calculated on a daily basis and payable monthly, both before and after maturity, default and judgment, and interest on overdue interest at the same rate and calculated and payable in the same way. We may deduct the amounts, expenses and interest from any money we owe you.

(h) **Other**

We may take any other remedies available to us under law.

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8. **WE MAY USE PROCEEDS TO REDUCE ANY OBLIGATION**

We may apply the proceeds we receive from enforcing our rights under the mortgage to reduce or repay any of the obligations secured in such manner as we may decide.

9. **WE MAY OPEN A SEPARATE ACCOUNT**

If we learn that you have disposed of or encumbered the property or any part of it, we may close your account at the amount then due to us. We may open a new account for advances and payments subsequently made and received by us. No amount paid in or credited to the new account will be applied to or have the effect of reducing or repaying any of the obligations secured due to us on the closed account when we learned of the subsequent disposition or encumbrance.

10. **DELAY, RELEASES AND PARTIAL DISCHARGES**

We may delay enforcing any of our rights under the mortgage or the obligations secured or any agreement evidencing or securing the obligations secured without losing or impairing those rights. We can waive any breach of your obligations under the mortgage or the obligations secured or any agreement evidencing or securing the obligations secured without losing our rights in respect of any breach of your obligations.

We may release others on any terms from any liability to repay the obligations secured without releasing you. We may on any terms discharge any part of the property from the mortgage and, if we do so, the remainder of the property not discharged will secure the total amount of the obligations secured.

11. **DISCHARGE OF THE MORTGAGE**

If you pay us the obligations secured on our demand, we will sign a discharge of the mortgage in registrable form. You will give us a reasonable time after payment in which to prepare and sign the discharge. You must pay our expenses of having it prepared and of signing it. You are responsible for registering it.

12. **EFFECT OF JUDGMENTS**

If we obtain a court judgment against you for your failure to pay any of the obligations secured or to perform any of your obligations to us under the mortgage, the judgment will not result in a merger of your obligations under the mortgage with the judgment or take away any of our other rights to enforce the mortgage. We will continue to be entitled to receive interest on the obligations secured at the agreed rate, calculated and payable in the agreed way, and the judgment may so provide.

13. **OUR RESPONSIBILITY**

We are not responsible for any loss arising in the course of our enforcing our rights under the mortgage unless it results from our wilful neglect or default.

14. **HOW WE MAY MAKE DEMANDS OR GIVE NOTICES**

Where the mortgage allows or requires us to make a demand on or give a notice to any person (including you), we may make the demand or give the notice by delivering it personally to the person (where the person is a corporation, by delivering it personally to a director, officer or employee of the corporation) or by mailing it by prepaid registered mail addressed to the person at the person's last known address.

A notice or demand so delivered will be regarded as given or made when it is so delivered to the person or to the director, officer or employee of the corporation. A notice or demand so mailed will be regarded as given or made on the day it is mailed, whether the person receives it or not.

15. **WHO IS BOUND BY THE MORTGAGE**

The mortgage will be binding on your legal or personal representatives and anyone else to whom your interest in the property is transferred. It will be binding on our legal representatives and anyone to whom it is transferred from us. All our rights under it may be enforced by anyone to whom it is transferred from us.

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If more than one person signs the mortgage, each person is jointly and severally bound to comply with all obligations of the Chargor under the mortgage.

16. **STATUTORY COVENANTS EXCLUDED**

The covenants set out in Section 7 (1) of the Land Registration Reform Act are excluded from the mortgage.

Date February 21, 2000.

**The Bank of Nova Scotia**  
By:



Name: S.D.N. Belcher  
Title: Executive Vice-President

I have authority to bind the corporation

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