

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 2006.01 Cote
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Filed by: CERVUS FINANCIAL CORPORATION

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:

"**Act**" means the Land Registration Reform Act, R.S.O. 1990, C.L.4, (as amended or replaced);

"**adjustment date**" means the date on which an interest adjustment occurs on an adjustable rate mortgage;

"**borrower, you and your**" means each person who signs the mortgage as chargor(s);

"**CMHC**" means Canada Mortgage and Housing Corporation;

"**default**" is when the mortgage is in arrears;

"**GENW**" means Genworth Financial Canada, previously known as "GEMI" meaning GE Capital Mortgage Insurance Company (Canada);

"**interest adjustment date**" means the date specified as the interest adjustment date in the registered document;

"**lender, we, our and us**" means Cervus Financial Corporation, or any other subsidiary of Cervus Financial Corporation as chargee;

"**loan amount**" means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;

"**mortgage or charge**", when used as a noun, means a Charge/Mortgage of Land, any schedules attached to it, any renewals or amendments and this set of standard charge terms;

"**paragraph**" refers to a numbered paragraph in this set of standard charge terms;

"**principal amount**" means the amount set out in the registered document;

"**registered document**" means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give this mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act;

"**schedule**" means any schedule attached to the Charge/Mortgage of Land; and

"**your property**" means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, "your property" includes the common elements and any other interest that you may have in the assets of the Condominium Corporation, and references to "your property" mean all or any part of it.

2. **EXCLUSION OF STATUTORY COVENANTS**

The covenants set out in section 7(1) of the Act are excluded from the mortgage.

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3. OUR LOAN TO YOU

In return for our lending you the principal amount or such portion of the principal amount as is advanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us):

- (a) if you are the owner of your property, you charge your entire interest in your property to us; or
- (b) if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us,

in either case to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.

Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

4. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages)

The interest rate payable by you is specified in the registered document. Interest is payable at the frequency set out in the registered document and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period commencing on the interest adjustment date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment, until the loan amount has been paid in full.

5. ADJUSTABLE RATE MORTGAGE (Applicable only to Adjustable Rate Mortgages)

- (a) Interest Rate

The interest rate payable by you under the mortgage is an adjustable rate which will automatically be adjusted monthly, with the first adjustment occurring on the first day of the month following the interest adjustment date (every day on which an adjustment is made is referred to herein as an "adjustment date") and on the first day of each month thereafter. On each adjustment date, the interest payable for the next monthly period will equal the Prime Rate less or plus the amount stated in the mortgage provided the mortgage is not in default. The interest rate will change on each adjustment date to reflect changes in the Prime Rate without any notice to you. Within a reasonable time after each change in the interest rate, we may mail to you, at your last known address according to our records, a notice of the changed interest rate and its effective date. The interest rate will vary in accordance with this paragraph even if we fail to send this notice or you fail to receive it.

For the purposes of this paragraph 5, the term "Prime Rate", means on any day, the annual rate of interest which the Royal Bank of Canada establishes at its principal office in Toronto as the reference rate of interest to determine interest rates it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its "prime rate of interest".

The interest rate on this mortgage is calculated monthly not in advance and payable monthly as herein set forth, as well as before maturity and both before and after default.

- (b) Payment Amount

- (i) Adjustable Rate Mortgage – Fixed Payment

The amount of the monthly payment as at the date of advance of funds is set out on page one of this mortgage and at an amortization period which you have agreed to, which is based upon the current interest rate for a fixed three or

five year term. The amount of the monthly payment will be fixed for the term of the mortgage. If the amount of any monthly installment paid by you is insufficient to pay the interest accrued under the mortgage at the time such installment is paid, the accrued interest which remains unpaid shall itself bear interest (which is referred to as compound interest) at the adjustable mortgage rate until paid. In those instances where, due to a change in the adjustable mortgage rate, the monthly installments of principal and interest paid by you are less than the actual amounts owed by you, we may notify you of the amount of such excess and you shall, at our request, pay to us an amount equivalent to such excess. We shall also have the right to increase your monthly installments for the remainder of the term of the mortgage to an amount determined by us to cover further fluctuations in the adjustable mortgage rate.

(ii) Adjustable Rate Mortgage – Adjustable Payment

The amount of the monthly payment as at the date of advance of funds is set out on page one of this mortgage and at an amortization period which you have agreed to, which is based upon the current interest rate for adjustable rate mortgage. The amount of the monthly payment will be adjusted each time the interest rate of the adjustable rate mortgage changes and will be calculated based on the then current principal balance and the original amortization period less the months under repayment. If the amount of any monthly installment paid by you is insufficient to pay the interest accrued under the mortgage at the time such installment is paid, the accrued interest which remains unpaid shall itself bear interest (which is referred to as compound interest) at the adjustable mortgage rate until paid.

(c) Conversion

You, when never having been in default under the terms of this mortgage shall have the option at any time during the initial term of this mortgage, of converting to a fixed rate mortgage with a term equal to the remaining term. The mortgage will be converted for the remaining term on the original mortgage upon receipt of a written request made by you and delivered to our head office located in the Province of Ontario. The interest rate for the converted mortgage shall be based on our prevailing posted interest rates in effect on the date the written request for conversion is received by us. The conversion to a fixed rate mortgage will take effect on the next adjustment date applicable under the mortgage following receipt by us of the written request of conversion to a fixed term.

6. COMPOUND INTEREST

If you do not make the regular mortgage payment or other payment when required by the mortgage, we will charge interest, at the rate provided for in the mortgage (called "compound interest") both before and after the balance due date set out in the registered document, default and judgment on all overdue amounts (including interest). You must pay this additional interest immediately when we require, both before and after the balance due date, default and judgment.

7. PROVISIONS REGARDING ALTERNATE PAYMENT FREQUENCIES

Notwithstanding the monthly payment dates set out elsewhere in this mortgage document, in the event you elect to make payments more frequently as permitted, the following provisions shall apply:

- (a) If you elect an **Accelerated Weekly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/4 of the regular monthly installment, payable on the 7th day following the interest adjustment date and on every 7th day thereafter.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

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In addition to our other rights and remedies, if at any time you are in default in the payment of an amount which equals or exceeds two (2) weekly payments, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

- (b) If you elect an **Accelerated Bi-Weekly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/2 of the regular monthly installment, payable on the 14th day following the interest adjustment date and on every 14th day thereafter.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you are in default in the payment of an amount which equals or exceeds one (1) bi-weekly payment, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

- (c) If you elect a **Semi-Monthly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/2 of the regular monthly installment, payable on the 1st day and the 15th day of each month commencing with the first such day following the interest adjustment date.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you shall be in default in the payment of an amount which equals or exceeds one (1) semi-monthly payment, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

8. REPAYMENT OF LOAN AMOUNT

- (a) Currency and Place

You will pay the loan amount to us in Canadian Dollars, at the address set out in the registered document or as you may be notified in writing.

- (b) Interest Adjustment Date

- (i) Fixed Rate Mortgages: Interest on advances up to the interest adjustment date will be calculated semi-annually not in advance at the rate specified in the registered document in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date.
- (ii) Adjustable Rate Mortgages: Interest on advances up to the interest adjustment date will be calculated monthly at the rate specified in the registered document in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date.
- (iii) Accrued interest on progress advances, if this is a building mortgage, up to the interest adjustment date established for the initial term of the mortgage, shall be calculated daily and charged monthly, and may without adjustment be retained out of the proceeds of each subsequent advance of the mortgage. Where more than 30 days elapses between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the mortgage, will be deducted from the last substantial advance.

(c) Regular Payments

You will make regular payments of principal and interest to us on the payment dates specified in the registered document each in the amount specified in the registered document starting with the first payment date until and including the last payment date. You will pay the outstanding balance of the loan amount on the balance due date as set out in the registered document.

(d) Payment Provisions on Default

If you fail to make any payment or do not meet any of your other obligations under the mortgage, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest and taxes and life insurance premiums (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 18.

(e) Bank Account for Payments

You must maintain an account of a type satisfactory to us with a branch of a bank, trust company or credit union and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You must make sure that the account always contains sufficient funds to make each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then processing fees for any actions which we have to take under this paragraph 8.

9. HOW WE APPLY YOUR PAYMENTS

Each of your regular payments will be used in the following order to pay: a) collection expenses, if any; b) life insurance premium, if any; c) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the mortgage, including tax accounts (the "escrow accounts"); d) to pay interest or reduce the interest on the principal amount accumulated to but not including the payment date; and e) to reduce the principal amount. However, if you do not meet any of your obligations under the mortgage we may apply your payment or any other money we receive towards any part of the outstanding loan amount we choose.

10. YOUR PREPAYMENT RIGHTS

This mortgage is closed. However, when not in default of any of the terms, covenants, conditions or provisions contained in the mortgage, you shall have the following privileges for payment of extra principal amounts:

- (1) During each calendar year following the advance of funds you may, without penalty:
 - (i) make prepayments totalling up to twenty percent (20%) of the original principal amount of the mortgage;
 - (ii) increase the monthly payment by a total up to twenty percent (20%) of the then current monthly payment

These privileges shall not be cumulative and do not apply if you are prepaying more than twenty percent (20%) of the original principal amount of the mortgage, even if you have not used the privilege in the calendar year in which the prepayment is made.

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- (2) At our option, you may prepay the mortgage at any time upon payment of a penalty equal to the GREATER of:
- (i) the interest differential based on the difference between the current interest rate of the mortgage and our prevailing posted interest rates interpolated for the remaining term, calculated over the term remaining on the original mortgage, all as determined by us at our sole direction; or
 - (ii) three (3) months interest penalty calculated at the current interest rate of the mortgage.

11. CERTAIN PROMISES YOU MAKE TO US

- (a) You certify and agree with us that:
- (i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;
 - (ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and there are no encumbrances affecting title to your property;
 - (iii) you have the right to give us the mortgage;
 - (iv) there are no limitations affecting title to your interest in your property except for any restrictions registered in the land titles/registry office and except for building and zoning by-laws, with which you have complied;
 - (v) to the best of your knowledge and belief, after reasonable enquiry and investigation:
 - no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and
 - no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property.

We may (but are not obligated to) require you, at your expense, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph;
 - (vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;
 - (vii) if you default in any of your obligations under the mortgage, we will have possession of your property without any encumbrances or interference;
 - (viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property.
- (b) If you are a tenant or lessee of your property, you also certify and agree with us that:
- (i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good leasehold title to your property;

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- (ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;
- (iii) you have the consent of your landlord or lessor, or you have the right without his consent, to charge your interest in the lease to us;
- (iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land titles office and except for building and zoning by-laws, with which you and your landlord have complied;
- (v) you will pay rents and other payments required by the lease as they fall due;
- (vi) you will comply with all your other obligations set out in the lease;
- (vii) you will not surrender the lease or cause it to be terminated;
- (viii) you will not make any change in the lease without first obtaining our written consent;
- (ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;
- (x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease has been fully charged to us and that the loan amount is adequately secured;
- (xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;
- (xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 11(b)(xii) as you already have under other provisions of the mortgage and at law;
- (xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, particularly those referred to in paragraph 23(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;
- (xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 23 and, in particular, under paragraph 23(a)(iv);
- (xv) we may remove you or any other person as trustee of the trust referred to in paragraph 11(b)(xiii) and appoint a new trustee or trustees.

12. DEMOLITION AND ALTERATIONS

- (a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.
- (b) The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at

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your expense, and you will provide us with proof of payment and compliance with governmental requirements and building standards when requested. You must retain all required holdbacks. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the loan amount.

13. INSURANCE (Paragraph 13 does not apply if your property is a single residential condominium unit)

- (a) You must insure and keep insured all buildings, structures, fixtures and improvement on your property for not less than their full replacement value in Canadian dollars until the mortgage has been discharged. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.
- (b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, let us have certified copies of every insurance policy and not less than 15 days before any policy expires, evidence of its renewal.
- (c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the rate specified in the registered document.
- (d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:
 - (i) used to repair or rebuild your property;
 - (ii) paid to you; and/or
 - (iii) used to reduce any part of the loan amount, whether due or not, and including an amount to compensate us for loss of interest.

14. PROPERTY TAXES

- (a) "taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties.
- (b) Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.
- (c) After the interest adjustment date, you agree to pay to us, on each date on which a regular mortgage payment of principal and interest is payable, the applicable tax installment calculated as below, based on the estimated annual taxes (as determined by us) that will be payable for the year following such regular mortgage payment date. The amount of each tax installment shall be:
 - (i) if the payments of the principal and interest are weekly: estimated annual taxes x 7/365

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- (ii) if the payments of the principal and interest are bi-weekly: estimated annual taxes x 14/365
 - (iii) if the payments of the principal and interest are semi-monthly: estimated annual taxes x 1/24
 - (iv) if the payments of the principal and interest are monthly: estimated annual taxes x 1/12
- (d) If you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in paragraph 14(c). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them. We do not have to hold any moneys which you send us under this paragraph 14 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the mortgage, we may if we wish, apply any moneys which we have received under paragraph 14 to any portion of the loan amount.

(e) **Property Taxes**

Notwithstanding any proviso or covenant contained elsewhere herein, as a condition of us (in our sole discretion, but not under any obligation to do so) permitting you to pay the property taxes directly to the local taxing authority, you covenant and agree to pay the property taxes directly to the local taxing authority, you covenant and agree to pay taxes as and when the taxes become due and to submit to us tax receipts evidencing the payment of the said taxes within 30 days after they become due and you further agree that we may revoke this permission at any time, in which event paragraphs 14(a) through (d) will apply.

15. REPAIRS

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this paragraph then we can make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are payable by you immediately and if not paid, will be added to the loan amount.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

16. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the registered document then we do not have to do so. This applies even if the mortgage has been registered and whether or not any part of the principal amount has previously been advanced. Even so, you have charged all of your interest in your property to us and you will pay us, on demand, all of our costs, including lawyers' fees (on a solicitor and client basis) and expenses, for investigating title to your property and for registering the mortgage.

17. LEASES AND RENTS

- (a) If your property is intended to be used as owner-occupied residential premises you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of

your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to do at our option.

- (b) If your property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents payable under such leases and agreements; and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).
- (c) If you lease in the future any part of your property to another person or persons with our written approval then, upon our request, you will:
- execute and deliver to us an assignment in registerable form acceptable to us of all leases, lease agreements and their renewals, rents payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment may, at our option, include a provision for estoppel certificates from tenants and/or specific assignments of leases; and
 - give us security on chattels, fixtures and equipment as we may reasonable require.

You must pay all of our expenses, including legal fees and registration costs, relating to such additional security.

- (d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 17, then at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.
- (e) Nothing we do under this paragraph 17 will put us in possession of your property and we are not obliged to collect any rent or income from your property or to comply with any term of any lease or agreement.
- (f) Rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property if you are not complying with any of your obligations under the mortgage or adversely affecting the value of our interest in your property within the meaning of section 52(1) of the Mortgages Act, R.S.O. 1990, c.M.40 (as amended or replaced).

18. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

- (a) you do not make any payment required by the mortgage;
- (b) you do not comply with any of your other obligations under the mortgage;
- (c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 11) is untrue;
- (d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered on title to your property;
- (e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or

- (f) your property is abandoned;
- (g) if any of you or any guarantor makes an assignment for the benefit of your creditors, makes a proposal or otherwise takes advantage of provisions for relief from creditors under the *Bankruptcy and Insolvency Act* or similar legislation in any jurisdiction or any proceeding is instituted against you or any guarantor seeking to have an order for relief entered against any of you as debtor or to adjudicate any of you as bankrupt or insolvent;
- (h) a receiver of all or any part of the property is appointed;
- (i) a writ of execution against the property remains unsatisfied for a period of five (5) days;
- (j) the holder of any other charge, lien or claim against the property does anything to enforce or realize on its claim;
- (k) all or any portion of the property is expropriated;
- (l) if you or any guarantor dies or is declared incompetent to manage your, his or her affairs; or
- (m) you sell, transfer or convey your interest in the property without our prior written consent.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

19. BUILDING MORTGAGE

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications which we have approved and to complete the improvement as quickly as possible.

Subject to paragraph 16, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale.

Whatever the purpose of this mortgage, we may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the Construction Lien Act, R.S.O. 1990, c.C.30 (as amended or replaced) have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

20. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

21. RENEWING OR AMENDING THE MORTGAGE

(This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended with or without penalty by written agreement(s) with you, with or without any increase in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed or amended, over any other instrument registered after the mortgage whether or not there are any other instruments registered

on title to your property after the mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such written agreement.

Renewal of Mortgage: In the event that we do not receive your instructions regarding the renewal of the mortgage by the maturity date set out in the registered document, the mortgage will be automatically renewed into a five year Adjustable Rate Mortgage with adjustable payments.

22. CERTAIN ACTIONS WE CAN TAKE

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant or lessee, under a lease of your property we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur so doing.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the registered document from the date we pay them. Any interest which accrues as a result of changes requested by you to frequency of payments or to the regular payment date will be paid by you or added to the loan amount and charged interest at the rate specified in the registered document

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

23. ENFORCING OUR RIGHTS

- (a) **Remedies.** If you do not make any payment when required under the mortgage, have misrepresented personal and/or credit information required to grant the mortgage, or do not comply with any of your other obligations under the mortgage,

If you or any guarantor dies or is declared incompetent to manage your, his or her affairs we may enforce any one or more of the remedies listed below in any order.

Our remedies are:

- (i) **Sue you.** We may take such action as is necessary to collect the loan amount.
- (ii) **Foreclosure or Sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
- (iii) **Lease Your Property.** If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

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- (iv) **Power of Sale.** If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the Mortgages Act enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may apply the net proceeds of any sale to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.
- (v) **Enter on Your Property.** We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount.
- (vi) **Appoint a Receiver.** We can appoint, in writing a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage and pay all or any part of the loan amount whether it is due or not.
- (vii) **Cure Any Defaults.** We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.
- (b) **Non-interference.** If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.
- (c) **Our expenses.** All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a solicitor and client basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees.
- (d) **Delay in Enforcement.** Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.
- (e) **Judgments.** If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

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24. CONDOMINIUM

(If your property is a condominium unit, you must also comply with paragraph 24 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 13.)

The corporation created by the registration of a declaration under the Condominium Act 1998, S.O. 1998, c.19 (as amended or replaced) is called the "condominium corporation".

- (a) **Compliance with the Condominium Act, etc.** You will comply with the Condominium Act and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.
- (b) **Payment of Amounts and Common Expenses.** You will pay all amounts required by the Condominium Act and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf and you will be in default under the mortgage.
- (c) **Notices and Demands.** You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.
- (d) **Voting Rights.**
 - (i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the Condominium Act to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Condominium Act to the condominium corporation.
 - (ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.
- (e) **Acceleration of Repayment of Loan Amount.** At our option, the loan amount will become payable immediately if:
 - (i) government of the property of the condominium corporation under the Condominium Act is terminated;
 - (ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of common elements;
 - (iii) the condominium corporation fails to comply with the Condominium Act, declaration, by-laws or rules and regulations;
 - (iv) the condominium corporation fails to insure the units and common elements against destruction or damage and other perils usually insured against for full replacement cost;
 - (v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

- (vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.
- (f) **Insurance.** Under the Condominium Act, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. The insurance company or companies must be approved by us. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us at least fifteen days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements. You must, if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

- (g) **Parking.** In the event that you sell, transfer, assign or convey any parking unit(s) encumbered by the mortgage while retaining title to (or ownership of) the dwelling unit so encumbered by the mortgage, or in the event that you sell, transfer, assign or convey the aforementioned parking unit(s) as well as the said dwelling unit but to different purchasers, transferees or assignees, then in either case the total outstanding principal and interest indebtedness secured by the mortgage shall become due and payable.

25. DUE ON SALE AND RELEASE

If you transfer title to your property or enter into and/or register a long form agreement of purchase and sale ("Agreement for Sale"), or agree to do so, to anyone without first obtaining our written approval, the loan amount will at our option, immediately become payable in full. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not withhold our approval unreasonably.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee if:

- (i) we give our written approval to you to transfer your property;
- (ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer takes place; and
- (iii) you provide us with proof of registration of a Transfer/Deed of Land or Agreement for Sale to the approved person or persons together with a guarantee agreement(s) (if required by us).

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26. ASSUMPTION

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage.

27. INSPECTION

If we, CMHC or GENW (if this is a CMHC or GENW insured mortgage), or our respective agents have reason to believe that the property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, GENW or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we, CMHC or GENW consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property. We, CMHC or GENW and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

28. EXPROPRIATION

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest.

29. GUARANTEE

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's successors and assigns), each person who signs the mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment (including renewals), deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrower without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

30. PORTABILITY OPTION

Provided that we have not approved an assumption of this mortgage, if you dispose of your entire interest in your property and coincidentally acquire title to another property in the same province, you must request, at least 5 business days prior to the disposition, a replacement mortgage loan to be secured by a mortgage, satisfactory to us, on the acquired property. The new mortgage shall not exceed the then outstanding principal amount of the original mortgage, shall be on the same terms and conditions, including interest rate, as in the original mortgage and be for a term equal to the remaining term of the original mortgage. You must also first obtain our prior approval of the property to be acquired and satisfy all of our standard underwriting requirements. You shall pay all legal costs incurred by us in discharging the original mortgage and for preparing and registering the replacement mortgage, including a service fee.

The mortgage can be ported up to 60 days after the discharge of the original mortgage subject to written notification at least 5 business days prior to the disposition. The prepayment penalty is collected upon the discharge of the original property and will be returned to you on the closing of the acquired property.

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31. READVANCE OPTION

If your property consists only of a single family residence; you are not in default of any obligations; there are no subsequent encumbrances on title to your property and you complete a new mortgage loan application which is approved by us and satisfies our requirements, you may at our discretion, increase the outstanding principal amount of the mortgage up to the original registered amount without having to register a new mortgage. You will be responsible to pay any and all costs and fees charged by us and any of our representatives . Any advance funds will be subject to the interest rate charged by us at the time of funds are advanced, for a loan with a term similar to the remaining term of current mortgage. The amount of monthly payment will be adjusted to reflect the adjusted interest rate and shall be based upon an amortization period equal to the original amortization period less the period of time then passed since the interest adjustment date.

32. RESERVATION OF RIGHTS

You understand that any material change in the conditions of the mortgage such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

33. DISCHARGE

After you have paid us the loan amount, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on your title and to pay the registration fee. If electronic registration is available for your mortgage, we will register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

34. ADMINISTRATION FEES

You agree to pay to us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, a transfer of the mortgage to another party, statements for information purposes, any fees referred to in paragraph 8(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the rate required by the mortgage. The amount of such fees in effect at any particular time is available by contacting us.

35. FAMILY LAW ACT

You certify to us that all information which you gave us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made in the registered document were and are completely truthful and accurate under Part II of the Family Law Act, R.S.O., 1990, c.F.3 (as amended or replaced). After any change in your martial status, you will provide us with the full name and birth date of any spouse, so that we are kept fully informed of the names and addresses of the owner or owners of the property and of any spouse who is not an owner but who has a right to possess the property.

36. DOCTRINE OF CONSOLIDATION

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

37. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered document.

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38. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Ontario New Home Warranties Plan Act, R.S.O., 1990, c.O.31 (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

39. WHO IS BOUND

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anybody else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is female or a corporation, then the mortgage will be read with all necessary grammatical changes.

40. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceable of all other provisions will not be affected.

41. PARAGRAPH HEADINGS

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

42. NATIONAL HOUSING ACT

All CMHC insured mortgages are made in pursuance of the National Housing Act.

43. SECURITIZATION

We may, at our option, sell, assign or encumber your mortgage to one or more third party(ies) without notice to you, any guarantor or any spouse signing your mortgage and without requiring any consent. If we do so, you agree that your mortgage shall continue to secure all amounts owing under your mortgage. Once sold or assigned, your mortgage may be repurchased by us, whether or not it is in default. You and each guarantor and spouse executing the mortgage hereby authorize and consent to us or any other person having an interest in the mortgage from time to time and their or our respective agents and advisors including any party retained to service the mortgage, releasing, disclosing and assigning any personal or other information (including financial information) with respect to you, any guarantor and your spouse, the mortgage loan and your property, regardless of the scope of distribution and to any such other person as may be required to complete, administer, realize, assign, securitize or otherwise deal with your mortgage from time to time.

44. ACKNOWLEDGEMENT

You acknowledge receipt of a true copy of these standard charge terms. However, failure to obtain such acknowledgement does not affect the applicability of these standard charge terms.

DATED at Toronto, the 22nd day of
December, 2005

**CERVUS FINANCIAL
CORPORATION**

by its solicitors
FRASER MILNER CASGRAIN LLP

Per: _____

Y. McAndrew
Yvonne McAndrew

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