



Standard Charge Terms
Land Registration Reform Act

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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.

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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms:

Mortgage means:

- the Charge/Mortgage of Land which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the Charge/Mortgage of Land; and
- any renewals or amendments.

You and **your** mean each person, corporation, and other entity who has signed the mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, us, and our mean CIBC Mortgages Inc.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. It includes all buildings and structures on the land now or added later, as well as anything now or later attached to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount is the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Your regular payment means the amount of each payment as described on the Charge/Mortgage of Land.

Loan amount means the amount of money you owe us at any given time under this mortgage. It is the balance you owe on the loan. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include the expenses of enforcing our rights as well as paying off any prior charges against your property. These may include such things as:

- costs for preparing and registering this mortgage;
- costs for providing insurance, if we decide to insure your property;
- costs for inspecting your property;
- all of our administrative and legal costs; and
- paying any charges or liens against your property that we have not agreed to in our loan approval document such as taxes owing on your property.

Interest Adjustment Date is the date identified as the interest adjustment date in the mortgage.

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Mortgage Year means the 12-month period following the interest adjustment date and each anniversary of the interest adjustment date.

2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property to us. In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. This means that your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage, including paying all taxes on your property. You agree to make all payments required by this mortgage in full, without delay, without making any set off, abatement, counterclaim or deductions, and without withholding any amounts. You agree not to cancel, offset or reduce any payments that you have made or that you are required to make.

Our interest in your property ends when you have repaid the total loan amount, as provided in the mortgage, and you have met all of your obligations under this mortgage.

2.1 *Your interest in your property*

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this mortgage.

If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals. Your interest in your property includes any option or right of first refusal to purchase.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately. If you do not pay them, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

2.2 *Who is obligated by this mortgage*

The obligations under this mortgage are the collective and individual responsibility of each person, corporation and other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage and paying the entire loan amount, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Our successors and anyone to whom we transfer this mortgage is also obligated by this mortgage.

2.3 *Changing or renewing this mortgage (also important to anyone who has a subsequent interest in your property)*

We may make written agreements with you to change any part of this mortgage. These agreements could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the mortgage. Even if we do not register these agreements, this mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the loan amount will not release or affect the liability of others who are obligated under this mortgage, even if they do not sign or are not advised of the new agreement.

2.4 Building mortgage

If the mortgage is used to finance an improvement, you agree to make the improvement only according to plans and specifications that we have approved. Improvements include any construction or installation on your property or any alteration, addition or repair to any building or structure on your property.

You must complete the improvement as quickly as is reasonably possible and must meet all government requirements and building standards that apply to your property. If we ask you to, you will provide us with proof that you have met all government requirements and building standards that apply to your property. You must pay for all costs associated with providing this proof.

You will be responsible for all costs related to the improvement and will provide us with proof that you have paid all money that is owed in connection with the work.

We may make advances to you based on progress in completing the improvement or upon its completion. In the case of a building, we may also make advances to you based on its occupancy or the sale of the building. You agree to pay us our administration and processing fees in effect at the time for any advances we make that are based on progress. You must pay us these administration and processing fees immediately. If you do not pay them, we may declare that you are in default on the mortgage, or add the fees to the loan amount, or do both.

We may hold back money from any advances until we are satisfied that all obligations under the *Construction Lien Act* are met. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

We may obtain an order removing any construction lien, and, if we think it is necessary, we may provide financial guarantees or other security to obtain such an order. You must immediately pay all of our expenses for this, including any charges for providing financial guarantees. If you do not pay these expenses, we may declare that you are in default on the mortgage, or we may add the amount payable to the loan amount, or we may do both.

2.5 Making material changes

Any agreement, whether verbal or in writing, to make material changes to the mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Charge/Mortgage of Land, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the mortgage.

2.6 Mortgages with deposits

If required under the terms of your mortgage loan, you will deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days of the date of funding. If this is not done, you authorize us to apply the deposit on account of the mortgage principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

3. Interest

3.1 Interest rate

You will find the interest rate on the Charge/Mortgage of Land or on the Schedule attached to the Charge/Mortgage of Land.

Interest is payable on the loan amount at this rate until the total loan amount has been paid, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.2 **Payment frequency**

Interest is payable at the frequency shown on the Charge/Mortgage of Land.

3.3 **If you have a fixed interest rate mortgage**

If you have a fixed interest rate mortgage, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

3.4 **If you have a variable interest rate mortgage**

(applies ONLY to a Variable Rate Mortgage, Special Variable Rate Mortgage, Variable Rate Closed Mortgage and Variable Rate Open Mortgage)

Because the interest rate on your loan is variable, the interest rate in effect at any particular time is called your current mortgage rate.

If you have a **Variable Rate Closed Mortgage**, a **Variable Rate Open Mortgage**, or a **Special Variable Rate Mortgage**, the interest rate will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The CIBC Prime Rate will vary from time to time. The principal and interest payment will be recalculated every time the CIBC Prime Rate changes, based on the current mortgage rate and the remaining amortization period of the mortgage.

If you have a **Variable Rate Mortgage**, the interest rate will be the CIBC Prime Rate in effect on the first day of each month, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The interest rate will be adjusted on the first day of each month. However, the first interest rate adjustment will not occur until three months from the interest adjustment date.

For all variable rate mortgages, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

The interest rate will change **automatically** every time there is a change in the CIBC Prime Rate. These changes will occur without you being notified.

Within a reasonable time after each change in the CIBC Prime Rate, we may send you a letter telling you the current mortgage rate, and the date it became effective, and if applicable, the new principal and interest payment amount. We will mail this letter to the address we have on file for you. The interest rate will still vary whether or not we have sent you a letter about the change, or whether you have received the letter. However, if we do send you the letter, we may continue to accept or process the same payment amount that we processed before the change in the CIBC Prime Rate until a reasonable time after the letter was sent to you. You can always find the current CIBC Prime Rate on our website at www.PCFinancial.ca or by contacting us.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

If there is a need to prove the CIBC Prime Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

3.5 **Deferred Interest/Negative Amortization**

If your regular principal and interest payment is not sufficient to cover the interest on the mortgage from one regular payment date to the next, the interest outstanding is called deferred interest. Deferred interest is added to the outstanding principal balance on your mortgage. When deferred interest is added to your outstanding principal balance, negative amortization can occur. This means that the amortization period of your mortgage may increase rather than decrease. In addition, when deferred interest is added to the outstanding principal balance of your mortgage, the entire amount becomes principal, and interest is charged on it at the current mortgage rate.

3.6 Interest on amounts advanced to you before the interest adjustment date

If this is a fixed rate mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated using the rate and method in effect for your mortgage on the date we advance you the money. You can find out what this rate is by contacting us.

If this is a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage or a Variable Rate Open Mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated in the manner outlined in the Charge/Mortgage of Land and the rate will be the lower of the following two rates:

- the initial interest rate set seven days before the date of advance; and
- the current mortgage rate in effect on the date of advance.

If this is a building mortgage, interest on progress advances is calculated daily. It is payable monthly up to the interest adjustment date established for the initial term of the mortgage. We may deduct the interest owing on any advance from future advances, without making any adjustment. In cases where more than 30 days have passed between advances, you must pay interest on previous advances as soon as it is invoiced or deducted from your account. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. We will deduct any interest owed on the interest adjustment date established for the initial term of the mortgage from the last substantial advance.

3.7 Interest on overdue amounts

If you do not make the regular mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is shown on the Charge/Mortgage of Land and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

3.8 Interest adjustment when payment frequency changes

If you are not in default on your loan, you may change your payment date or payment frequency to any of the options available for your type of mortgage at the time you make the change. If you choose to change your payment date or payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your loan, or we may add the interest adjustment and administration or processing fees to the loan amount, or we may do both.

3.9 Increase and Blend

(does NOT apply to Variable Rate Mortgages, Special Variable Rate Mortgages, Variable Rate Closed Mortgages, Variable Rate Open Mortgages, or Auto 6 Plus (Convertible 6) Mortgages)

As long as you meet our mortgage approval criteria, including those relating to the borrower and mortgage terms, you may:

- increase the principal amount secured; and/or
- extend the term of the mortgage.

If you do either or both of these, the interest rate that will apply will be blended to reflect the existing mortgage rate, the prevailing rates, prepayment charges, and administration and processing fees, if any.

4. Payments on the loan amount

4.1 Currency and place of payment

You will pay the loan amount to us in Canadian dollars at the address shown on the Charge/Mortgage of Land.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 Regular payments

You must make regular payments to us for the principal and interest. The amount of each payment and the payment dates are shown on the Charge/Mortgage of Land. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the loan amount on the balance due date. You can find the balance due date on the Charge/Mortgage of Land.

4.3 Bank account for payments

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes and life insurance premiums (if applicable) when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the loan amount, or do both.

4.4 Payments on amounts advanced to you before the interest adjustment date

We may advance to you part of the principal amount before the interest adjustment date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the interest adjustment date:

- we may ask you to pay the interest on this amount on the interest adjustment date;
- we may deduct the interest from your bank account on the interest adjustment date;
- we may deduct the interest from the remaining amount of the principal that we advance to you; or
- we may deduct the interest from your bank account on the first regular payment date.

4.5 The effect of variable interest rates on your payments

(applies ONLY to Variable Rate Mortgages, Special Variable Rate Mortgages, Variable Rate Closed Mortgages, and Variable Rate Open Mortgages)

If you have a variable rate mortgage, the interest rate on your mortgage will change from time to time. However, your regular principal and interest payment may be fixed for the term of the mortgage, unless you change your regular payment as allowed by this mortgage.

Your regular payments are applied first to interest owing on the outstanding principal amount up to the date of the payment. The rest of the payment, if any, is applied to the principal amount based on the rules outlined in section 4.8 below. If the interest rate increases, a larger portion of your regular payment will be applied to interest and a smaller portion of your regular payment will be applied to the principal amount. The result will be that you may owe more on the balance due date than was originally stated in the Mortgage Disclosure Statement.

If the interest rate increases to the point that your payment amount no longer covers the interest owing on your mortgage, you may be required to increase the amount of your regular payment so that the mortgage will be repaid over the remaining balance of the original amortization period. The rate of interest that will cause this to happen is stated in the Mortgage Disclosure Statement that you signed.

4.6 Payment on default

If you do not meet one or more of your obligations under the mortgage, including your obligation to make payments, you must immediately pay to us all outstanding amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes and life insurance premiums (if applicable) on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the loan amount. We may also use any of our rights stated in section 4.7 below.

4.7 Demand to repay the total loan amount immediately

We may require you to repay the total loan amount immediately if:

- you do not make any payment required by the mortgage;
- you do not meet one or more of your obligations under the mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this mortgage, or when you applied for the mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days; or
- your property is abandoned.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this mortgage.

4.8 How we apply your payments

We will apply payments we receive from you in the following order:

1. To pay any life insurance premiums on the mortgage.
2. To bring into good standing any accounts related to the mortgage for which we are holding funds for payment to others, including tax accounts.
3. To pay for the cost of optional services made available by us and selected by you.
4. To pay any collection expenses or any applicable administration and processing fees.
5. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the principal amount accumulated up to, but not including, the payment date.
6. To reduce the principal amount.

However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

Here is an example of how payments are normally applied and how you can estimate how much of your regular payment will be applied to principal and how much will be applied to interest. The result you get will only be an estimate. We use a precise formula to calculate these amounts, which has been simplified for the example. As a result, the actual amounts may be higher or lower than the estimates. You can contact us to find out exactly how each of your payments is applied.

Example of how to estimate how much of your payment is applied to principal and how much is applied to interest

Mary and Sebastian have a variable rate mortgage with monthly payment dates. Every month, they pay \$557.50. Of this payment, \$62.00 is for life insurance premiums and \$55.00 is for estimated taxes. At the last payment date, the principal amount they still owed was \$87,500.00. Their current mortgage rate for the period is 4.000%, and there are 28 days in the current payment period.

In addition, they owe the following amounts:

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| Deferred Interest: | \$40.00 |
| Collection Expenses: | \$45.00 |

Here is how they can estimate how much of their next payment will be applied to interest and how much will be applied to principal.

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| Step 1: Total payment | \$557.50 |
| Step 2: Subtract life insurance premium | \$62.00 |
| Step 3: Subtract estimated taxes | \$55.00 |
| Step 4: Subtract collection expenses | \$45.00 |
| Step 5: Estimate and subtract interest on the principal amount | |

Interest on the principal amount can be estimated using the following formula:

Principal
Amount

x

Current
Mortgage Rate

x

Number of Days in the Payment Period

365

\$87,500.00

x

4

100

x

28

365

\$268.49

| | |
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| Step 6: Subtract deferred interest owing | \$40.00 |
| Step 7: Estimate and subtract interest on the deferred interest | |

Interest on deferred interest can be estimated using the following formula:

Deferred
Interest

x

Current
Mortgage Rate

x

Number of Days in the Payment Period

365

\$40.00

x

4

100

x

28

365

\$0.12

| | |
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| Step 8: Estimated amount left to be used to reduce the principal amount | \$86.89 |
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4.9 Changing the amount of your regular payments

To qualify for increasing or decreasing your payments, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you have a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage, or a Variable Rate Open Mortgage, once each mortgage year you may increase the amount of your regular payment to any amount, without paying a prepayment charge as long as the amortization period is not reduced to less than five years. Once each mortgage year, you may also decrease the amount of your regular payment without paying a prepayment charge as long as the resulting amortization period is not longer than the remaining time left in the original amortization period. These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future mortgage years.

If you have a fixed rate mortgage with a term of 2 years or longer (other than a Basic Mortgage) or an Auto 6 Plus (Convertible 6) Mortgage or Auto 12 Plus (Convertible 12) Mortgage, once each mortgage year, you may increase the amount of your regular payment by up to 25% of the original payment amount, without paying a prepayment charge. However, this amount is limited to 15% if you have an Auto 6 Plus (Convertible 6) mortgage. Once each mortgage year, you may also decrease the amount of your payment, but only if the amortization period for the mortgage which results from that decreased payment amount does not exceed the remaining amount of time left in the original amortization. These privileges are non-cumulative. This means

that you cannot carry forward unused allowable increases or decreases in payments to future mortgage years.

If you have a Basic Mortgage, you may not increase or decrease your regular payment amount.

4.10 Prepaying your open mortgage without paying a prepayment charge

(applies ONLY if you have a variable rate open mortgage)

If you have a **Variable Rate Open Mortgage**, you may prepay any part of the outstanding loan amount on a regular payment date or the full outstanding loan amount at any time without a prepayment charge. To qualify, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

4.11 Prepaying your closed mortgage without paying a prepayment charge

If you have a **fixed rate mortgage, with a term of 2 years or longer (other than a Basic Mortgage) a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage, an Auto 6 Plus (Convertible 6) Mortgage, or an Auto 12 Plus (Convertible 12) Mortgage**, each mortgage year, you may prepay up to 20% of the original principal amount without paying a prepayment charge. However, this amount is limited to 10% if you have an Auto 6 Plus (Convertible 6) mortgage. The following conditions apply:

- you may only make a prepayment on a regular payment date;
- the minimum prepayment is \$100.00;
- if you do not use any or all of this privilege in a mortgage year, you cannot carry forward any unused portion of the privilege to a future mortgage year;
- this right of prepayment without paying a prepayment charge does not apply if you prepay the entire principal amount of the mortgage, even if you have not used this privilege in the mortgage year when the mortgage is paid off;
- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you have a **Variable Rate Mortgage** or a **Special Variable Rate Mortgage**, you can make a partial prepayment that is more than the 20% allowed or prepay all of the outstanding principal amount in the fourth and fifth year of the term without a prepayment charge. However, any partial prepayment must be made on a regular payment date.

4.12 Prepaying the loan amount with prepayment charges

Prepayment charges will be payable in addition to regular interest at the rate specified in your mortgage and, where applicable, interest in connection with payments we have not processed between the date on which you made your last regular payment and the prepayment date.

Ordering the mortgage payout statement

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

After the end of the fifth year of your mortgage

If the term of your mortgage is greater than five years and you are not a corporation, you may prepay the entire outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay. Interest costs will be calculated at your mortgage interest rate that is in effect on the prepayment date.

Before the end of the fifth year of your mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepaying your Basic Mortgage

On each anniversary date of the interest adjustment date, you may prepay up to 10% of the original principal amount, as long as you pay a prepayment charge equal to three months' interest on the amount prepaid. The prepayment charge will be calculated using your annual interest rate in effect on the date of prepayment, plus any discount you received on your annual interest rate. This privilege is non cumulative. This means that you cannot carry forward any unused allowable prepayments to future anniversary dates of the interest adjustment date.

This mortgage is closed, and other partial prepayments are not permitted. However, you may pay off the full amount of the mortgage at any time after the third anniversary of the interest adjustment date (or any renewal of the interest adjustment date), but only if you pay three month's interest cost on the amount prepaid. We will calculate interest at annual interest rate in effect, plus any discount you received on your annual interest rate, on the date we prepare the mortgage payout statement.

Prepaying your Variable Rate Closed Mortgage

If you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months interest on the

amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at CIBC Prime Rate on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be CIBC Prime Rate on the date we generate the mortgage payout statement.

Prepaying your Variable Rate Mortgage or Special Variable Rate Mortgage

If, during the first three years of the term, you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to two months' interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at CIBC Prime Rate on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to two months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be CIBC Prime Rate on the date we generate the mortgage payout statement.

Prepaying your Auto 6 Plus (Convertible 6) Mortgage or Auto 12 Plus (Convertible 12) Mortgage

You may only make a prepayment more than what is allowed in section 4.11 above if you pay off the full amount of the mortgage at any time, but only upon an arm's length sale of the property with supporting documentation. In this case, you must pay a prepayment charge equal to 1% of the outstanding principal balance of the mortgage on the date of prepayment.

Prepaying a fixed rate mortgage with a term of two years or longer (other than a Basic Mortgage)

If you want to prepay more than what is allowed in section 4.11 above in a mortgage year, a prepayment charge will apply.

The prepayment charge will be the higher amount of the following two amounts:

- three months' interest costs on the amount that is subject to a prepayment charge, calculated at your existing annual interest rate, plus any discount you received on your existing annual interest rate; or
- the interest rate differential amount, which is explained below.

If you are making a **partial** prepayment, the interest rate differential amount is the **difference** between the following two amounts:

1. The interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated over a period of time equal to the period of time from the prepayment date to the maturity date of your mortgage. Interest is calculated at your existing annual interest rate, plus any discount you received on your existing annual interest rate. Interest is compounded semi-annually, not in advance, and is calculated using your principal and interest payment amount in effect at the time you prepay.
2. The interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated over a period of time equal to the period of time from the prepayment date to the maturity date of your mortgage at the interest rate posted by us on the date of prepayment for a closed President's Choice Financial brand mortgage product which we determine to be similar to your mortgage. Interest is compounded semi-annually, not in advance, and is calculated using your principal and interest payment amount in effect at the time you prepay.

In determining what mortgage product is similar to yours, we will consider the following:

- ♦ the remaining term of your mortgage;
- ♦ the features of your mortgage; and
- ♦ whether you have a conventional or a high-ratio mortgage.

If you are prepaying **all** of the outstanding principal amount, the interest rate differential amount is the **difference** between the following two amounts:

1. The interest costs on the amount you are prepaying, calculated over a period of time equal to the period of time from your last scheduled regular payment date that is on or before the date of prepayment, whether or not it was actually paid, to the maturity date of your mortgage. Interest is calculated at your existing annual interest rate, plus any discount you received on your existing annual interest rate. Interest is compounded semi-annually, not in advance, and is calculated using your principal and interest payment amount in effect on the date we prepare the payout statement.
2. The interest costs on the amount you are prepaying, calculated over a period of time equal to the period of time from your last scheduled payment date that falls on or before the prepayment date, whether or not it was actually paid, to the maturity date of your mortgage. Interest is calculated at the interest rate posted by us on the date we prepare the payout statement for a closed President's Choice Financial brand mortgage product which we determine to be similar to your mortgage. Interest is compounded semi-annually, not in advance, and is calculated using your principal and interest payment amount in effect on the date we prepare the payout statement.

In determining what mortgage product is similar to yours, we will consider the following:

- ♦ the remaining term of your mortgage;
- ♦ the features of your mortgage; and
- ♦ whether you have a conventional or a high-ratio mortgage.

4.13 Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.14 Date of the mortgage

You agree that for purposes of defining the date of the mortgage for any statutory right of prepayment, renewal and early renewal, the date of the mortgage is the interest adjustment date. This is the case even if the mortgage or renewal agreement or early renewal agreement was signed on a different date.

4.15 Repaying the cash back option

If you have a mortgage that offered a cash back option, you may be required to repay us all or a portion of the cash amount received. You may be required to do this if, for any reason, any of the following occur before the maturity date of the mortgage:

- any of the terms and conditions of the original mortgage are changed;
- the mortgage is refinanced, or you convert the mortgage or renew the mortgage early;
- the mortgage is assumed;
- you sell your property and buy another property and we finance the new property under section 15, "Portability" in these Standard Mortgage Terms;
- the mortgage is paid out, transferred by us at your request, assigned or discharged;
- title to the property is transferred; or
- your property is sold under power of sale or foreclosure.

We will determine the amount and method of calculation for the amount to be repaid based on your mortgage documents.

The repayment of the cash received under a cash back option is separate from any prepayment charges or fees that are applicable to the mortgage.

We may add the repayment amount to the principal amount owing at the time of the title transfer or at the time the mortgage is amended, discharged, assumed, converted, refinanced, transferred, paid in full, or the property is sold under power of sale or foreclosure, or when you take advantage of early renewal or portability.

5. Early renewal of fixed rate mortgages

(applies ONLY if you have a fixed rate mortgage)

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the mortgage;
- you must apply to us in writing;
- you must select from the mortgage options that we offer under the President's Choice Financial brand at the time you apply for early renewal;
- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions;
- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement;
- you must pay us any administration and processing fees that apply to early renewal;
- you must pay us applicable prepayment charges;
- you must pay us any accumulated interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to the early renewal of your mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

6. Converting your mortgage

*(applies ONLY if you have a **Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage, a Variable Rate Open Mortgage, an Auto 6 Plus (Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage**)*

If you have met all your obligations under the mortgage, you may convert your mortgage to another President's Choice Financial brand mortgage with an interest rate and terms that we offer to you at the time you convert the mortgage. The following conditions apply:

- if you have a **Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage or a Variable Rate Open Mortgage**, you may convert your mortgage to any type of closed term mortgage then offered by us under the President's Choice Financial brand for National Housing Act insured loans with a fixed rate and with equal monthly payments and for a term of three years or longer, up to a maximum of ten years if your property is owner-occupied;
- if you have an **Auto 6 Plus (Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage**, you may convert to any type of mortgage then offered by us under the President's Choice Financial brand having a term of more than one year;
- the mortgage conversion or amending agreement that we will require you to sign, will contain all changed terms and conditions of the mortgage option you select;
- the new interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage conversion or amending agreement;
- the new payments will begin on the first or second scheduled payment date following conversion as determined by us;
- you must pay us any administration and processing fees that apply to converting the mortgage;
- you must pay us any interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to converting your mortgage, including the costs of registration of the conversion documents.

You must pay us all amounts related to converting your mortgage immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply. Any prepayment privileges will be contained in the conversion or amending agreement that we will require you to sign.

7. Designated amount

(applies ONLY if you have a Variable Rate Mortgage)

The designated amount is equal to 105% of the original principal amount of the mortgage or may be another amount that we have agreed to in writing.

If at any time the outstanding loan amount exceeds the designated amount, we will require you to do one or more of the following:

- increase the amount of your regular payment so the mortgage will be repaid completely over the remaining time in the original amortization period;
- reduce the loan amount owing by making a lump sum payment to reduce the outstanding loan amount below the original principal amount; or
- convert the mortgage to a fixed rate mortgage according to the requirements outlined in section 6, "Converting Your Mortgage".

If you do not do so, we have the right to:

- require you to pay the entire loan amount immediately; or
- increase your regular payment amount so that the mortgage will be repaid completely over the remaining time in the original amortization period.

8. Automatic renewal of the mortgage

8.1 Automatic Renewal for an Auto 6 Plus (Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage

Provided that we have not advised you that we will not renew your mortgage, the mortgage will be automatically renewed at the end of the term (6 or 12 months) for a term equal to the original term. The following conditions apply:

- You must have met all of your obligations under the mortgage.
- You must have maintained a satisfactory payment record.
- The interest rate charged during each renewal term will be the lower of our posted rate on the renewal date for this type of mortgage or the guaranteed renewal rate.

We will send you a letter outlining the guaranteed renewal rate 30 days before the end of each term. You may terminate this automatic renewal clause and pay out the mortgage in full at the end of any term by notifying us of your decision to do so at least 15 days before the end of the term.

8.2 Automatic renewal for mortgages with an original term greater than 12 months

You agree to either pay all money owing under the mortgage on the maturity date or, if we have offered to renew your mortgage, to return the signed renewal agreement on or before the maturity date. If you do not, provided that we have not advised you that we will not renew your mortgage, the mortgage will be renewed as an Auto 6 Plus (Convertible 6) Mortgage with the terms and conditions stated in our renewal offer.

9. Your obligations related to your property

9.1 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

9.2 If you are a tenant or a lessee of your property

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign the mortgage.
- You have met all of your obligations under your lease up to the date you sign the mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, or registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rents and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.
- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.
- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in the property and in your lease has been fully charged to us and that the loan amount is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.
- You will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.
- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.
- If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors.
- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

9.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

9.4 Insurance

(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your mortgage, or add the amount to the loan amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

9.5 Property taxes

On or before the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable

for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments.

If you want to take advantage of any discount or to avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the loan amount.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to the loan amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

9.6 Repairs

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may declare that you are in default on your mortgage, or add the costs to the loan amount, or do both.

9.7 Leasing or renting your property to another person

If your property is approved by us as owner-occupied residential premises, you certify that no part of your property is rented or occupied by a tenant. You also agree **not** to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

If your property is a rental property, we must consent to any rental. You also assign to us all leases, lease agreements and renewals, present and future, and all rents payable under these leases and agreements, and all rights under these leases and

agreements as they affect your property. You must obtain our written approval before any future leases of your property are made, and before the renewal of any lease (unless it is a renewal provided for in a lease we have already approved).

If you lease any part of your property to another person in the future, you must do the following, if we ask you to:

- Sign and deliver to us an assignment of all leases, lease agreements, renewals, rents payable under the leases and agreements, and all rights contained in the leases, lease agreements and renewals that affect your property. The assignment must be suitable for registration and acceptable to us. We may also require that the assignment provide for obtaining estoppel certificates from tenants. We may also require that the assignment include specific assignments of leases. An estoppel certificate is a written statement from a tenant certifying, for example, the terms of the lease, or any promises made to them about the lease.
- Give us security on fixtures, equipment and other movable property or chattels as we may reasonably require.

You must pay all of our expenses related to the additional security. These expenses may include legal fees and registration costs.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will also be considered to have done this to adversely affect the value of our interest in the property, as described in the *Mortgages Act*.

If you do not meet one or more of these obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the full loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property.

Nothing we do under this section will be considered as us taking possession of your property.

9.8 Hazardous or illegal substances, environmental regulations, and illegal activities

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be

satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If your mortgage is insured by Canada Mortgage and Housing Corporation (CMHC) or other mortgage insurer approved by us from time to time, the mortgage insurer, or its agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or studies, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for all of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we, or the mortgage insurer, enforce our rights under this section, we, or the mortgage insurer, will not be considered to have taken possession, management or control of your property. This also applies to our agents and agents of the mortgage insurer.

9.9 Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

9.10 Possession of your property on default

You certify to us that if you fail to meet any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference.

10. Condominium

(applies ONLY to property that is a condominium unit)

10.1 Compliance with the Condominium Act, 1998

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

10.2 Payment of amounts and common expenses

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

10.3 Notices and demands

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications 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.

10.4 Voting rights

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- 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, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision 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 become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

10.5 Acceleration of repayment of the loan amount

At our option, the loan amount will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws or rules and regulations;
- 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
- the condominium corporation fails to insure all the condominium units and common elements as required by section 10.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

10.6 Insurance

Under the *Condominium Act, 1998*, the condominium corporation must have 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 additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

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 comply with these terms.

11. Our rights

11.1 We are under no obligation to make advances to you under the mortgage

We may, for any reason, decide not to advance you all or any part of the principal amount, even if:

- you have signed this mortgage;
- this mortgage has been registered; or
- we have already given you part of the principal amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the mortgage. These costs will include legal fees, charged on a “substantial indemnity” basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the mortgage, or add them to the loan amount, or do both.

11.2 Releasing your property from the mortgage

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount. Your obligations, and the obligations 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.

11.3 Enforcing our rights

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the mortgage, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.

- **Appoint a receiver.** We can appoint in writing a receiver (including 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 anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
 - ♦ all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
 - ♦ its own commission as receiver;
 - ♦ all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing;
 - ♦ interest owing under the mortgage; and
 - ♦ all or any part of the loan amount, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the loan amount.
- **Lease your property or collect rents.** If you are in default on the mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Power of sale.** If you are in default on the mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale, after paying all costs and expenses, to reduce any part of the loan amount. We will only be responsible for the money remaining after we pay all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **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 the court's supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under the mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

11.4 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the mortgage;
- require payment of the loan amount if you are in default; and
- require any other person, including a guarantor, who has obligations under the mortgage, to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this mortgage, including any guarantor, to pay the total loan amount.

11.5 If we do not enforce our rights on a particular default

In some cases, we may not enforce our rights on a particular default by you, or a guarantor. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

11.6 Court orders and judgments

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage, including our right to receive interest as required by the mortgage.

11.7 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.

11.8 Administration and processing fees

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the loan amount. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;

- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your mortgage, or add these fees to the loan amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available by contacting us.

11.9 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 that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. If 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. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the interest rate specified in your Charge/Mortgage of Land. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

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 a final report and certificate of title. You will be responsible for all costs related to doing this.

12. If you sell or transfer your property

Our written approval must be obtained before your property is transferred to anyone else, or before an agreement is made to transfer your property to anyone else. At our option we may require that the entire loan amount be paid immediately (including the outstanding principal amount, accrued interest, any prepayment charges and any other amounts owing), if any of the following occurs:

- if you transfer your property without first applying to us in writing for approval of the terms of the transfer and approval of the person that you wish to transfer your property to; or
- if you transfer your property without first obtaining our written approval of the terms of the transfer and our written approval of the person that you are transferring to; or
- if the person you transfer your property to does not enter into an assumption agreement with us that is satisfactory to us. In an assumption agreement that is satisfactory to us, the person that you transfer your property to will agree to assume this mortgage and any amendments to it and any related agreements, and to be bound by all the terms, conditions and obligations of the mortgage, amendments and related agreements.

If we accept any payment from any person who we have not first approved in writing that 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 entire loan amount immediately.

You agree to give us sufficient information to enable us to decide whether to give our written approval. After we have received this information, we will make our decision as soon as possible.

If you exercise this privilege, there may be an administration and processing fee. You must pay us these fees immediately. If you do not, we may declare that the mortgage is in default, or add these amounts to the loan amount, or do both.

13. Guarantee

Each person who signs the mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the loan amount as and when required by the mortgage in full, without delay, without making any set off, abatement, counterclaim or deductions, and without withholding any amounts; and
- to meet all other obligations of the borrower under the mortgage.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage. This means that each individual guarantor is responsible for meeting all obligations under the mortgage, including payment of the entire loan amount.

We may, at any time or times, do any of the following, without notifying any guarantor and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;
- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the mortgage; and
- deal with any other matter affecting the mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

14. Assumption of the mortgage

If you are not the original borrower, you agree to all obligations of the original borrower under the mortgage as if you had signed the original mortgage.

15. Portability

If you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within 90 days of the sale of your original property, we may provide financing for the purchase of the new property. The following conditions apply:

- You must apply in writing.
- You will be required to give us a mortgage on your new property.
- The sale of your original property must be in good faith and be an "arms-length" sale. In most cases, an arm's length sale is one where the buyer and seller are unrelated. That is, they have no personal or business relationship with each other. If the buyer and seller do have a personal or business relationship, the sale must be at a fair market value to be considered "arms-length".
- On the date you complete the sale of your original property, an amount sufficient to pay the principal amount, interest to the date of the new mortgage and any prepayment charges due under this mortgage will be held by us. We will release these funds when the new mortgage is registered, as long as it is registered within 90 days. If it is not

registered within 90 days, we will apply the amount held by us to prepay the mortgage in full, including any prepayment charges and administration fees that may apply.

- You will continue to make regular payments under this mortgage.
- The term of the new mortgage must be equal to the remaining term of the original mortgage.
- If the principal amount of the new mortgage is the **same as** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage.
- If the principal amount of the new mortgage is **less than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage. In this case, we will **not** refund to you any prepayment charge you paid **on that part of** the amount of the outstanding principal amount of the original mortgage that is greater than the principal amount of the new mortgage.
- If the principal amount of the new mortgage is **greater than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate for the new mortgage will be:

| Original Mortgage Type | Interest Rate |
|--|--|
| Variable rate mortgage | The variable interest rate for this mortgage. |
| Fixed rate mortgage (with a remaining term of 24 months or less) | A rate that blends: <ul style="list-style-type: none">▪ the interest rate for this mortgage, and▪ the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed President's Choice Financial brand mortgage product similar to yours having a 24-month term. |
| Fixed rate mortgage (with a remaining term of more than 24 months) | A rate that blends: <ul style="list-style-type: none">▪ the interest rate for this mortgage, and▪ the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed President's Choice Financial brand mortgage product similar to yours having a term similar to the remaining term of this mortgage. |

- Our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage must be met. This includes the requirements for mortgage insurance, if applicable.
- You will be responsible for paying all applicable processing or administration fees, all legal and appraisal fees and other expenses incurred in connection with the new mortgage.

16. Expropriation

If your entire property is expropriated, the loan amount will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

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 provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

17. Family Law Act

You certify to us that all information that you gave us about your marital status and your property when applying for the loan, and the statements made in the Charge/Mortgage of Land are true and accurate under the *Family Law Act*.

18. If part of the mortgage is not valid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

19. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the mortgage.

20. National Housing Act

All CMHC insured mortgages are made according to the *National Housing Act*.

21. Reference to laws

Any reference to legislation in the mortgage includes amendments and replacements to that legislation in force from time to time.

22. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your mortgage;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, insure, maintain and collect upon your mortgage, and we may disclose your personal information, including information about your mortgage, to credit reporting agencies. We will also use and disclose your personal information according to CIBC's privacy policies which are outlined in CIBC's brochure, "Your Privacy is Protected". This privacy policy may be amended, replaced or supplemented from time to time. A copy of the CIBC Privacy Policy is available by calling us, or visiting www.cibc.com.

You agree that we may enter into this mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage to another entity. In these cases, the entity is known as the "beneficial owner". We can do this whether or not the beneficial owner is named in this mortgage. You also agree that we may insure this mortgage with CMHC or other mortgage insurer approved by us from time to time. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the mortgage and to any mortgage insurer. If the mortgage is insured, the insurer may obtain a credit report and other information about you from any credit bureau, credit reporting agency and/or from us. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the origination, servicing, maintenance, collection or operation of the mortgage; or
- provides services or benefits to you under the mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for the beneficial owner, agent, assignee, mortgage insurer and service provider to administer the mortgage and exercise their rights under it.

23. Discharge

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Or, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge.

For purposes of calculating per diem interest, funds received after 3.00 p.m. on any business day will be considered to have been received on the next business day.

You will pay our usual administration and processing fee for preparing, reviewing and signing of any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.