



Land Registration Reform Act (Ontario) Standard Charge Terms

STANDARD CHARGE TERMS CLAUSES TYPES DE CHARGE

Filing No. Code

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DIRECTOR OF TITLES
DIRECTRICE DES DROITS IMMOBILIERS

Filed by: HomeEquity Bank

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This document sets out the standard charge terms that apply to every CHIP Home Income Plan that references them with the filing number shown above, as provided in section 9 of the *Land Registration Reform Act*, R.S.O. 1990, c.14. The only exceptions are any terms that are modified by additions, changes or deletions in a schedule to the CHIP Home Income Plan.

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1. Defined terms

In this document, the following words and phrases have a special meaning. They are identified in the document by the use of capital first letters.

1.1 "CHIP Home Income Plan" means:

- a. the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the *Land Registration Reform Act* (Ontario) which refers to the same filing number as on the first page of this document;
- b. the registered Form 2 Charge/Mortgage of Land which refers to the same filing number as on the first page of this document;
- c. any schedules attached to the electronic charge or the Form 2; or
- d. any amendments to or replacements of the electronic charge or Form 2;

1.2 "Condominium Corporation" means a corporation created according to the *Condominium Act, 1998*, S.O. 1998, c.19 and relating to all or any part of the Property that is governed by this legislation;

1.3 "Date of Advance" means the date on which we advance the Funds under your CHIP Home Income Plan;

1.4 "Default Expenses" means default charges that you may be required to pay us if you fail to meet your obligations under the CHIP Home Income Plan and any additional expenses that we have not initially agreed to spend in connection with the Property but we end up paying for. Default expenses include,

- a. the amount we pay to maintain the Property, to your bank for returned payments, for legal services to collect payment, and to realize our security interest;
- b. default processing charge;
- c. insufficient fund charge; and
- d. any other expenses we incur as a result of your default.

1.5 "Due Date" means the earliest of the dates in Section 5.1 on which you must pay the Total Amount Owed;

1.6 "Early Payment Charge" means the amount calculated in accordance with either Sections 6.1 or 6.2 that you may be required to pay if, within the first ten years, the Total Amount Owed becomes due or you choose to pay Funds. There are prepayment privileges and exceptions explained in Sections 6.3 and 6.4;

1.7 "Event of Default" means any one of the events in Section 10.1;

1.8 "Fair Market Value" means the amount that would be paid on the open market, on the applicable date, to buy the Property assuming there are no legal claims against the Property. If you and we cannot agree on the Fair Market Value, the amount will be determined by an independent appraiser appointed by us. The appraiser will act as an expert and not as an arbitrator;

1.9 "Funds" means the money we advance under your CHIP Home Income Plan;

1.10 "Hazardous Substance" means any hazardous waste, substance, pollutant or contaminant which may cause material harm to the natural environment or to the health or welfare of any living thing, based on reasonably authoritative information available at any time;

1.11 "Interest Rate" means the rate of interest as determined and calculated in accordance with your CHIP Home Income Plan, both before and after maturity, default or judgment;

1.12 "Property" means:

- a. the land described in the CHIP Home Income Plan;
- b. all buildings and structures now on the land or added later;
- c. anything now or later attached, placed, installed or erected on or to the buildings or the land; and
- d. all easements and rights-of-way;

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- 1.13 "Receiver"** means any person that we or a court may appoint under the provisions of the CHIP Home Income Plan to manage the Property;
- 1.14 "Reset Date"** means the date on which the Interest Rate is reset, as specified in your CHIP Home Income Plan;
- 1.15 "Taxes"** means all taxes, rates, assessments, local improvement charges, levies and penalties that are payable in connection with the Property or its use or occupation;
- 1.16 "Total Amount Owing"** means the total of Funds, Default Expenses, interest and Early Payment Charge owing at any time under your CHIP Home Income Plan;
- 1.17 "We, our and us"** mean the lender, HomEquity Bank, and each party named as lender or chargee in the CHIP Home Income Plan and any assignees of those parties;
- 1.18 "You and your"** mean the CHIP Home Income Plan borrower or borrowers and their heirs, executors, trustees and legal representatives.

2. Your property title

- 2.1 Title:** Title to the Property remains in your name as long as you meet your CHIP Home Income Plan obligations.
- 2.2 Our interest in the Property:** In return for the Funds, you pledge your entire interest in the Property to us to secure payment of the Total Amount Owing and to ensure that you meet all of your obligations under the CHIP Home Income Plan. Our interest in the Property ends when you have paid the Total Amount Owing.
- 2.3 When we advance Funds:** We will advance the Funds once you have met the requirements listed in your CHIP Home Income Plan and your CHIP Home Income Plan is registered on the title to the Property.

3. Independent legal representation

- 3.1 Your acknowledgement:** You acknowledge that you fully understand the purpose and nature of this transaction, and that you have received appropriate independent legal representation. You will provide us with a signed certificate to this effect.

4. Interest

- 4.1 Interest rate options:** You may select a variable or a fixed interest rate. Fixed interest rates are available for six month, one year, three year or five year periods. If you have selected a variable rate, you may switch at any time to a fixed interest rate. If you have selected a fixed interest rate, you may switch at the end of your current period to a variable rate or to another fixed interest rate;
- 4.2 Interest accumulation:** Subject to Section 4.3, interest will accumulate at the Interest Rate on the Total Amount Owing from the Date of Advance to the date you pay the Total Amount Owing. Interest is compounded twice a year, not in advance.
- 4.3 Interest in Event of Default:** If there is an Event of Default, interest will accumulate on the Total Amount Owing at the Interest Rate plus 2% from the Due Date to the date you pay us the required amount.
- 4.4 Interest reset:** The Interest Rate is reset on the Reset Date, as described in your CHIP Home Income Plan.

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4.5 Paying interest: You are not required to make any interest payments until you pay the Total Amount Owing. However, you may choose to pay all or a portion of your interest earlier, as described in Schedule A. There are no charges for paying interest.

4.6 Interest payment discount: If you pay interest earlier, you may be eligible to receive an interest payment discount as described in Schedule A.

5. Paying your CHIP Home Income Plan

5.1 Due Date: You are not required to make any payments until the earliest of the following dates:

- a. **Death:** 180 days after the last of the borrowers dies;
- b. **Sale or transfer of the Property:** The date when the Property or any part of it is sold or transferred in any way;
- c. **Long-term care or retirement:** One year after the last of the borrowers move into a long-term care facility or retirement residence; or
- d. **Event of Default:** The date on which an Event of Default occurs.

5.2 What you owe on the Due Date: On the Due Date, the Total Amount Owing becomes payable.

5.3 Our payment guarantee: We guarantee that as long as you have met your CHIP Home Income Plan obligations, the amount you have to pay, excluding the items listed below, will not be more than the Fair Market Value.

The following items are excluded from this guarantee:

- a. Default Expenses; and
- b. interest accumulated after the Due Date.

The Fair Market Value that will apply will be the largest of the following amounts:

- a. the Fair Market Value on the Due Date;
- b. the gross proceeds of the sale of the Property, which means the total sale price without any deductions for items such as real estate commissions; or
- a. the Fair Market Value on the date you actually pay us.

5.4 Paying your CHIP Home Income Plan early: You may choose to pay your CHIP Home Income Plan before the Due Date. The options for paying early are:

- a. **Within the first 5 years:** You pay all of the Total Amount Owing. No partial payments are allowed.
- b. **After 5 years:**
 - Pay all: You pay all of the Total Amount Owing; or
 - Pay a portion: You pay a portion of Funds once every calendar year, provided:
 - you also pay at that time any Default Expenses, interest and Early Payment Charge; and
 - your remaining balance, after your payment, is not less than \$20,000.

5.5 Currency and place of payment: Your payments must be in Canadian dollars and by certified cheque or bank draft. Payments must be delivered to the address set out in your CHIP Home Income Plan or as we may advise you from time to time.

5.6 Receipt of payment: We will consider your payment to be made when we actually receive the money. You are responsible if your payment is lost or delayed.

For the purpose of calculating interest, we will consider any payment we receive after 2:00 p.m. EST to have been received on the next day that the Canadian chartered banks are open for business in the province where the Property is located.

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5.7 How we apply your payments: We will apply your payments in the following order, as applicable:

- a. Default Expenses;
- b. interest;
- c. Early Payment Charge; and
- d. Funds.

5.8 Discharging your CHIP Home Income Plan: After you have paid the Total Amount Owing, we will provide a discharge statement. You will be responsible for paying all legal and other expenses for preparing and signing the discharge statement. You must pay these amounts directly to the persons providing the discharge services. It is your responsibility to register the discharge on the Property title and to pay the registration fee. If electronic registration is available for your CHIP Home Income Plan, we or our lawyers may register the discharge on your behalf and will provide you with confirmation.

The discharge will be prepared and signed by people specifically authorized by us. We will not be obligated to sign any discharge other than one that we have authorized.

6. Early Payment Charge

6.1 Within the first 3 years: Subject to Sections 6.3 and 6.4, if you pay Funds within 3 years of receiving Funds, you will pay a charge calculated as follows:

1. Multiply funds by your interest rate at the time you pay = **A**
2. Divide **A** by 12 = **B**
3. Multiply **B** by **M** = **C**. The "M" in this calculation is a certain number of months as specified in your CHIP Home Income Plan.

6.2 Between 3 and 10 years: Subject to Sections 6.3 and 6.4, if you pay Funds between 3 and 10 years of receiving the Funds, you will pay a charge calculated as follows:

- a. **Variable rate:** If you have a variable rate at the time of your payment, the charge is three months' interest on the Funds you are paying.
- b. **Fixed rate:** If you have a fixed rate at the time of your payment, the charge is either three months' interest on the Funds you are paying or the interest rate differential calculated as follows, whichever is more:
 1. The current rate on a new CHIP Home Income Plan with the same interest rate period as yours = **A**
 2. Deduct **A** from your interest rate at the time you pay us = **B**
 3. Multiply **B** by the Funds you are paying = **C**
 4. Divide the number of days to your next interest reset date by 365 = **D**
 5. Multiply **C** by **D**

6.3 Prepayment privilege: In the following situations there is no Early Payment Charge:

- a. **Between 3 and 10 years, fixed rate and payment within 30 days before interest reset :** You do not pay an Early Payment Charge if your payment is made between 3 and 10 years of receiving Funds, you have a fixed interest rate at the time of payment and you make the payment within 30 days before your interest reset date.
 - b. **After 10 years:** You do not pay an Early Payment Charge if you make a payment any time after 10 years of receiving Funds.
- 6.4 Exceptions:** In the following situations there is no Early Payment Charge, or it is reduced:
- a. **Long-term care or retirement residence:** If the last of the borrowers moves into a long-term care facility or retirement residence, the Early Payment Charge is reduced by 50%.
 - b. **Death:** You do not pay an Early Payment Charge if your CHIP Home Income Plan becomes due as a result of the death of the last of the borrowers.

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6.5 Refunding Early Payment Charge on a new property: If you acquire a new property and obtain a new CHIP Home Income Plan on it, we will refund all or part of the Early Payment Charge payable on the existing CHIP Home Income Plan, provided that:

- a. you pay us the Total Amount Owning;
- b. the new property qualifies for a CHIP Home Income Plan; and
- c. within 60 days of paying the Total Amount Owning, you obtain a new CHIP Home Income Plan for the new property.

If the CHIP Home Income Plan on the new property is more than the Funds of your existing CHIP Home Income Plan, then we will refund all of the Early Payment Charge. If the amount is less, then we will refund the Early Payment Charge proportionally.

We will pay the refund after your new CHIP Home Income Plan funds.

7. Insurance

7.1 Homeowner's Insurance: You must keep all buildings, structures, fixtures and improvements on the Property insured until you have paid the Total Amount Owning. The value of the insurance must be not less than the Property's full replacement value in Canadian dollars. You must insure against fire and any additional perils, risks or events that we may require. Your insurance policy or policies must be carried with well-known insurance companies and contain clauses confirming that:

- a. the insurance company will let us know if you cancel or don't renew your insurance; and
- b. we have the first right to any money paid out from insurance claims.

You must provide us with a copy of all signed insurance policies.

7.2 Loss or damage: You will let us know immediately in writing if the Property suffers any loss or damage. If any money becomes payable from the insurance policies we may require that:

- a. the money is used to repair or rebuild the Property; and
- b. all or part of the money is applied towards the Total Amount Owning, whether or not your CHIP Home Income Plan is due.

7.3 Not applicable to condominiums: This Section 7 does not apply if the Property is a single, residential condominium unit.

8. Your obligations

You agree to the following:

- 8.1 Payments:** You will pay the following when due:
- a. the Total Amount Owning;
 - b. all insurance premiums for the Property;
 - c. Taxes; and
 - d. all utility and fuel charges required to maintain the Property.
- 8.2 Title to the Property:**
- a. You have a good title in fee simple to the Property and have the absolute authority to pledge your interest to us;
 - b. You will, at your expense, sign any other document or take any further action we feel is necessary to ensure that your interest in the Property has been fully pledged to us and the Total Amount Owning is adequately secured;
 - c. You will take any action necessary to protect your title to the Property, and will not in any way interfere with our interest in the Property.

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- d. If you acquire any additional interest in the Property, this will not reduce our security for the Total Amount Owning;
- e. You will not transfer any interest in the Property or change the beneficial ownership of the Property without first getting our written consent;
- f. You have not knowingly done or allowed anything to happen that has resulted in a financial claim against any part of the Property, except as noted in the records of the land title office;
- g. You will not create or allow any financial claims against the Property without first getting our written consent; and
- h. If you default on any of your obligations under the CHIP Home Income Plan and we decide to take possession of the Property, you will not interfere in any way.

8.3 Insurance: You will insure the Property in accordance with Section 7. If you leave the Property for 30 or more consecutive days, you must make appropriate arrangements to have the Property and its insurance coverage maintained.

8.4 Spousal status: All information and statements you gave us about your spousal status when applying for the CHIP Home Income Plan and completing the required documents are completely truthful and accurate under Part II of the *Family Law Act*, R.S.O., 1990, c.F.3. (as amended or replaced).

8.5 Change in status: You, or your legal or personal representative as applicable, will let us know immediately if any of the following happens and provide us with supporting evidence if we ask for it:

- a. death of any of the borrowers;
- b. the last of the borrowers moves into a nursing or retirement home; and
- c. there is any change in your marital status or the qualification of the Property as a family asset within the meaning of Part II of the *Family Law Act* (Ontario).

8.6 Occupation and use of the property: You will:

- a. live on the Property for at least 6 months in any given 12 month period. This provision does not apply in the first year that the last of the borrowers moves into a retirement residence or a long-term care facility;
- b. not allow the Property to be used for any other purpose, including a commercial purpose even if the Property is commercially zoned, without first getting our written approval;
- c. not rent any part of the Property without first getting our written approval, as set out in Section 12.

8.7 Repair: You will:

- a. keep the Property in good condition and carry out all necessary repairs;
- b. not do anything, or allow others to do anything, that lowers the value of the Property;
- c. comply with every current and future law, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of the Property; and
- d. allow us to enter the Property at all reasonable times to inspect it and do repairs.

8.8 Alterations and improvements: You will not make any substantial alterations, additions or improvements to the Property without first getting our written approval. In addition:

- a. any such work will be completed at your expense, as quickly as possible and following all government requirements and building standards that apply to the Property; and
- b. if we ask, you will give us proof that you have paid for all work done and that the work meets all government requirements and building standards.

8.9 Demolition: You will not demolish part or all of any building or structure on the Property without first getting our written approval.

8.10 Hazardous Substances: To the best of your knowledge:

- a. no part of the Property or any adjoining land has ever been used, or will in the future be used, to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any Hazardous Substance in any way that doesn't comply with all laws, regulations and orders; and
- b. no part of the Property contains, has ever contained or will in the future contain any Hazardous Substance that may lower the value of the Property or adversely affect its marketability.

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8.11 Compliance: You will, at your expense, comply with all laws and government regulations, work orders, directions and notices that apply to the Property.

9. Our rights

9.1 Not deemed in possession: In exercising any of our rights under the CHIP Home Income Plan, we shall not be deemed to be a chargee in possession.

9.2 Taxes: We may confirm, at any time, that Taxes are not overdue and outstanding.

9.3 Inspection: We have the right to enter the Property and inspect it (including inside any buildings or structures on the Property). We will give you reasonable notice before doing so, except in the case of an emergency.

9.4 Repair: If you do not keep the Property in a good condition and state of repair, or if you do anything that lowers its value, then we can enter the Property and make arrangements for any repairs that we feel are necessary.

9.5 Transfer: We may transfer all or part of the CHIP Home Income Plan, any assets you have pledged to secure your CHIP Home Income Plan, and any of our rights to any person or company. If this happens:

- a. your CHIP Home Income Plan rights will be binding on the person or company receiving the transfer; and
- b. the person or company receiving the transfer can enforce all of our associated rights.

9.6 Releasing our interest in the Property: At any time we may choose to release our interest in all or part of the Property, whether or not we receive any value for it. Our only obligation to you is to let you know if we received any money. If we release our interest in only a part of the Property, the remainder of the Property will continue to secure all amounts you owe under the CHIP Home Income Plan and your obligations under the CHIP Home Income Plan will continue unchanged.

If the Property is subdivided, each part will secure payment of the amounts you owe under your CHIP Home Income Plan.

10. Events of Default

10.1 Events of Default: Any one of the following is an Event of Default:

- a. **Misrepresentation:** At any time, we discover a discrepancy or inaccuracy in any written information or statements you give us in connection with your CHIP Home Income Plan;
- b. **Not complying with your obligations:** At any time, you do not fully comply with any of your obligations under your CHIP Home Income Plan, including this set of Standard Charge Terms;
- c. **Builder's claim:** A builder's claim is registered against the Property and is not cancelled within 14 days after you become aware of it.
- d. **Losing ownership of the Property:** Someone seizes ownership of all or any part of the Property;
- e. **Becoming bankrupt:** You are unable to pay your debts, or make an arrangement with creditors, or a Receiver is appointed for you or the Property, or you become bankrupt; or
- f. **Condominium property events:** If any of the events set out in Paragraph 8 of Schedule B occurs.

10.2 If an Event of Default occurs: If an Event of Default occurs:

- a. the Total Amount Owing immediately becomes due;
- b. in accordance with Section 4.3, interest will accumulate on the Total Amount Owing at the Interest Rate plus 2% from the Due Date to the date you pay us the required amount; and
- c. we can enforce our rights set out in Section 11

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11. Actions we may take if an Event of Default occurs

11.1 Taking action in any order: If an Event of Default occurs, we may take one or more of the following actions, in any order.

11.2 Entering the Property: We can enter the Property and make any necessary arrangements to inspect, manage and repair the Property, or complete construction. Any costs we incur will be treated as Default Expenses.

11.3 Leasing the Property: If your default continues for 15 days, we may, on 15 days' notice to you, lease all or part of the Property. If your default continues for 30 days we may lease the Property without giving you notice.

We will apply the net amount we receive from any lease to the Total Amount Owing. You will continue to be obligated to pay us the balance of the Total Amount Owing.

11.4 Power of sale: If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, R.S.O. 1990,c.M.40, enter on and sell the Property or any part of the Property.. We may sell it for cash or on credit, or a combination of the two. In addition, we can sell it by private sale or public auction and on such terms as we can reasonably get. If the net amount we receive from any sale is less than the Total Amount Owing, you will continue to be obligated to pay us the balance of the Total Amount Owing.

11.5 Foreclosure or sale: We may take legal action to foreclose your right, title and equity of redemption to the Property. If we obtain a final order of foreclosure from the court, the Property will belong to us.

We may ask the court to order the sale of the Property under its supervision. If the net amount we receive from the sale is less than the Total Amount Owing, you will continue to be obligated to pay us the balance of the Total Amount Owing.

11.6 Legal action: We may take any legal action necessary to take possession of the Property and collect the Total Amount Owing.

11.7 Appointing a Receiver:

- a. We may appoint a Receiver in writing to collect any income from the Property, manage the Property and keep it in good condition;
- b. The Receiver will act on your behalf, not ours, and you will be responsible for everything the Receiver does;
- c. The Receiver may use all of the options available to us under the CHIP Home Income Plan to collect the income from the Property, take possession of all or part of the Property, manage it, and keep it in good condition;
- d. We are not accountable for any money the Receiver receives.
- e. The Receiver will use the income collected from the Property to pay their own remuneration, all expenses they incur in undertaking their duties, interest, Funds, Default Expenses, Taxes and other expenses;
- f. If the amount we receive from the income collected by the Receiver is less than the Total Amount Owing, you will continue to be obligated to pay us the balance of the Total Amount Owing.

11.8 Expropriation: If all or part of the Property is acquired by a government body, we have the right to receive the proceeds ahead of anyone else.

11.9 Resolving defaults: We can take action to resolve any defaults under your CHIP Home Income Plan, at your expense, and take any other proceedings against you as permitted by the laws of Ontario and of Canada.

11.10 Our rights if we delay taking action: Our rights will not be affected if we delay in taking any of the above actions, or if we give you or anybody else an extension of time. We may still require that:

- a. you make all payments and comply with your obligations;

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- b. you pay the Total Amount Owed; and
- c. any other person who has obligations under your CHIP Home Income Plan meet those obligations.

11.11 Choosing not to take action: At any time after an Event of Default, we may choose not to take any action with respect to that Event of Default. Our decision not to take action will not apply to any other Events of Default.

11.12 Judgments: If we obtain a court order or judgment against you in any legal action we take as a result of Default, this will not prevent us from pursuing other actions or rights to enforce your other obligations under your CHIP Home Income Plan.

12. Rental of the Property

12.1 No rental without our consent: During the period that you have your CHIP Home Income Plan, you are not permitted to rent out all of the Property. However, you may rent part of the Property provided that:

- a. you first obtain our written consent;
- b. the rental complies with applicable by-laws and regulations;
- c. you have proper insurance in place covering the rented portion of the Property; and
- d. you provide us with copies of all rental agreements, financial statements and any other information we request.

12.2 Assignment of rental income: As additional security for the money secured under your CHIP Home Income Plan, you assign to us all income you receive from renting part of the Property, and from any lease extensions and renewals you grant to anyone occupying the property. However, we will not exercise our right to receive the rental income unless an Event of Default occurs under your CHIP Home Income Plan. You agree to take legal responsibility for any actions, claims or costs that we may incur as a result of the assignment.

12.3 No lease or rental obligations: We are not obligated to collect rent or income from the Property, nor to comply with the terms of any lease or rental agreement.

13. Condominium unit

13.1 Applicable provisions: If all or any part of the Property is or becomes a condominium unit under the provisions of the *Condominium Act* (Ontario), the provisions set out in Schedule B apply in addition to all other provisions of your CHIP Home Income Plan.

14. General matters

14.1 Headings: The headings in this document are not part of your CHIP Home Income Plan. We have used them only for ease of reading and reference.

14.2 If any term is invalid: If any of the terms or conditions in this CHIP Home Income Plan is invalid for any reason, this will not affect the validity or enforceability of all the other provisions.

14.3 Who is legally bound by your CHIP Home Income Plan: You agree to be legally bound by everything in your CHIP Home Income Plan, including your obligations. Your legal and personal representatives and anybody else to whom your Property is transferred are also legally bound. The CHIP Home Income Plan is also legally binding on our successors and anybody to whom we may transfer your CHIP Home Income Plan.

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All borrowers who sign this CHIP Home Income Plan are legally liable, individually and together, for all obligations under the CHIP Home Income Plan.

14.4 Notices: All communications in connection with this CHIP Home Income Plan must be:

- a. in writing;
- b. signed by the person sending the notice, or by their lawyer; and
- c. personally delivered or sent by mail to the intended party at their address listed in the CHIP Home Income Plan.

You or we may change our address at any time by sending a notice as described above.

14.5 Consent: Wherever you are required by this CHIP Home Income Plan to obtain our consent or approval, we may give or withhold our consent or approval for any reason that we see fit, unless another provision in this CHIP Home Income Plan requires otherwise. We will not be liable to you in any way if we do not respond to a request for consent or approval. You must pay any costs for obtaining our consent or approval.

14.6 Governing laws: This CHIP Home Income Plan is to be governed and interpreted in accordance with the laws of Ontario and the laws of Canada applicable in Ontario.

14.7 Amendments: The terms of your CHIP Home Income Plan may be amended provided that any such amendment is set out in writing and mutually agreed to by you and us.

14.8 Exclusion of Statutory Covenants: The implied covenants deemed to be included in a mortgage under subsection 7(1) of the *Land Registration Reform Act*, R.S.O. 1990, c.l.4 are excluded and replaced by the terms hereof which are covenants by you, for you and on your behalf with us.

14.9 Short Form of Mortgages Act: If any of the forms of words contained herein are substantially in the form of words contained in Column One of Schedule B of the *Short Form of Mortgages Act*, R.S.O. 1980, c. 474, and distinguished by a number therein, this CHIP Home Income Plan shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of the said Act distinguished by the same number, and this CHIP Home Income Plan shall be interpreted as if the said Act was still in full force and effect.

14.10 Amendments: The terms of your CHIP Home Income Plan may be amended provided that any such amendment is set out in writing and mutually agreed to by you and us.

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Schedule A

Options for paying interest

You are not required to make any interest payments until you pay your CHIP Home Income Plan. However, you may choose to pay interest earlier, either in a lump sum or by scheduled payments, as described below:

Lump sum payment: You may make one payment in a 12 month period of either all or part of the accumulated interest. The minimum amount you may pay is \$1,000 or the total amount of accumulated interest, whichever is less.

Scheduled payments: You may make regular monthly, quarterly, or semi-annual payments of a pre-determined amount. The amount is calculated at the start of each 12 month period and is based on our estimate of the interest that will accumulate over that 12 month period. We will let you know what the scheduled payment amount is before the start of each period.

Other things you should know about scheduled payments:

- a. **Automatic withdrawals:** Scheduled payments are due on a set day and are automatically withdrawn from your bank account. You may stop making scheduled payments at any time.
- b. **If our estimate is more than actual:** If our estimate of expected accumulated interest is more than the actual accumulated interest, we will apply the difference against future accumulated interest.
- c. **If the scheduled payment amount changes from one period to the next:** If the scheduled payment amount decreases, the amount withdrawn from your bank account will be reduced starting on the next payment date. If the amount increases, you may choose to continue paying the lower amount that you had been paying.
- d. **If you make a Funds payment:** If you are making scheduled payments and you pay a portion of the Funds, your scheduled payment amount will be recalculated and we will let you know the revised amount.

Interest payment discount

You can qualify for an interest payment discount if you pay all of the accumulated interest each year.

Once a year, the Interest Rate for the following one year period will be reduced by a certain percentage if we have received from you:

- all of the interest that has accumulated in the 12 month period immediately before your payment; or
- all of the Scheduled Payments for the immediately preceding 12 month period.

The date on which you are first eligible for this discount and the discount amount are specified in your CHIP Home Income Plan.

The interest payment discount will be on the condition that you are not in default under the terms of your CHIP Home Income Plan.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 201117

Schedule B

Condominium unit provisions

1. **Common elements:** For the purposes of all parts of the Property comprising one or more condominium units, all references in this CHIP Home Income Plan to the Property shall include your appurtenant undivided interest in the common elements and other assets of the Condominium Corporation.
2. **Compliance:** You will, at all times, comply with the *Condominium Act, 1998*, S.O. 1998, c.19 and will forward to us proof of such compliance as we may request from time to time.
3. **Payment of Expenses:** You shall pay, when due, all monies payable by you or with respect to the Property in accordance with the provisions of the Condominium Act (Ontario) and the declaration, by-laws and rules of the Condominium Corporation, including all required contributions to common expenses and any special levies, charges and assessments, and shall provide proof of such payment to us upon request.
4. **Insurance:** Under the Condominium Act (Ontario), the Condominium Corporation must obtain appropriate insurance. In addition, you must insure all improvements that at any time have been made to the Property against loss or damage by fire and such additional risks as we may require. All insurance policies must be carried with a recognized insurance company or companies.

You will assign and transfer your insurance policy or policies and receipts to us. If you fail to keep the Property and improvements insured, we are entitled but not obligated to insure the Property and/or its improvements.

Upon our request, you must give us certified copies of all of your insurance policies relating to the Property and the current Certificate of Insurance of the Condominium Corporation.

If any loss or damage occurs to your improvements on the Property, you will immediately notify us and will, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds may, as may be permitted by law, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce the Total Amount Owing.

5. **Right to Vote:** You irrevocably appoint, authorize and empower us to exercise your rights to vote or to consent as an owner within the meaning of the Condominium Act (Ontario) with respect to all matters relating to the affairs of the Condominium Corporation, or to abstain from doing so, provided that:
 - a. unless and until an Event of Default occurs, we do not intend to exercise the right to vote or to consent and you may exercise your right to vote or to consent until we give you notice that we will be exercising the right; and any such notice may be for an indeterminate period of time, a limited period of time or for a specific meeting or matter;
 - b. we shall not be under any obligation to vote or to consent or to protect your interests; and
 - c. our exercise of our right to vote or to consent or to abstain from doing so shall not constitute us as chargee in possession and shall not give rise to any liability on our part.

6. **Copies/Notices:** If we request, you will forward to us copies of notices and other communications received from the Condominium Corporation.

7. **Records Inspection:** You authorize and direct the Condominium Corporation to note our interest as chargee on its records and to permit us to inspect the records of the Condominium Corporation at any reasonable time.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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8. Events of Default: In addition to and notwithstanding any other provisions of this CHIP Home Income Plan, the Total Amount Owing shall, at our option, become immediately due and payable without notice or demand if any of the following events or circumstances occur and continue:

- a. the government of the Condominium Corporation or the government of the Property by the Condominium Corporation is terminated;
- b. a vote of the Condominium Corporation authorizes the sale of all or substantially all of its property or assets or all or any part of its common elements or all or any part of the Property, or any part of the same is expropriated;
- c. the Condominium Corporation fails to comply with any provision of the Condominium Act (Ontario) or its declaration or any of its by-laws and rules; or
- d. the Condominium Corporation fails to insure its assets, including the Property, in accordance with the Condominium Act (Ontario) and the declaration and by-laws of the Condominium Corporation, or any insurer thereof cancels or threatens cancellation of any existing obligation to insure the same.

DATED at Toronto, this 31 day of May 2011.

HOMEQUITY BANK

PER: Celia Wuthbertson
Celia Wuthbertson, Vice President, General Counsel and Corporate Secretary

PER: Steven Ranson
Steven Ranson, President and Chief Executive Officer

RECEIPT

The Chargor(s) hereby acknowledge receipt of a true copy of the CHIP Home Income Plan and the foregoing Standard Charge Terms before signing the CHIP Home Income Plan.

DATED the _____ day of _____, 2011.

Chargor: _____ Chargor: _____

STANDARD CHARGE TERMS
CLAUSES / TYPES DE CHARGE
Filing No. 20112