

STANDARD CHARGE TERMS
Land Registration Reform Act

Filed by: **LA FÉDÉRATION DES CAISSES POPULAIRES DE L'ONTARIO INC.**

Filing date: **March 21, 2019**

Filing number: **201909**

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 *Land Registration Reform Act*.

INDEX

1.	Definitions	3
2.	Interpretation	3
3.	Statutory Covenants Excluded	3
4.	Creation of Charge	4
5.	Charge Void	4
6.	Interest	4
7.	Compound Arrears	4
8.	Advances of Principal	4
9.	Municipal Taxes	4
10.	Charge Terms and Conditions	4
11.	Promises of the Member	6
	(a) Payment of Principal, interest and other sums and observation of Promises	6
	(b) Authority to charge Lands	6
	(c) Title	6
	(d) Prior encumbrances	6
	(e) Insurance	6
	(f) Acceleration on default	6
	(g) Distress	6
	(h) Entry on default	6
	(i) Further assurances	6
	(j) Repair	6
	(k) Power of sale	7
12.	Sale of the Lands	7
13.	Subsequent Charge	7
14.	Payments by the Financial Institution	7
15.	<i>Ontario New Home Warranties Plan Act</i>	7
16.	Fixtures	8
17.	<i>Construction Lien Act</i>	8
18.	Building Mortgage	8
19.	Alterations	8
20.	Default in prior charges	8
21.	Waiver of default	8
22.	Partial releases	9
23.	Extensions	9
24.	Renewal	9
25.	Judgments	9
26.	Guarantor(s)	9
27.	Condominium	9

RESIDENTIAL PROPERTIES

28.	Conversion to closed fixed rate	10
➤	Open fixed rate	
29.	Increased scheduled payments	10
30.	Prepayment	10
➤	Closed fixed rate	
29.	Increased scheduled payments	10
30.	Prepayment	10
➤	Yearly rate resetter	
29.	Increased scheduled payments	11
30.	Prepayment	11

➤ **Regular variable rate**

29. Increased scheduled payments 13

30. Prepayment 13

➤ **Reduced variable rate**

29. Increased scheduled payments 13

30. Prepayment 13

➤ **Protected variable rate**

29. Increased scheduled payments 14

30. Prepayment 14

31. Interest capitalization 15

32. Portability 15

COMMERCIAL PROPERTIES

33. Prepayment privileges 15

34. Multiproject option 16

35. Discharges 16

36. Assignment of rents 16

37. Bankruptcy of Member 16

38. Receivership of Member 16

39. Environment 17

 (a) Definitions 17

 (b) Promises 18

 (c) Indemnity 18

 (d) Right of access and other rights of the Financial Institution 18

40. Spouse's consent 18

41. Notification of Changes 18

42. Corporations 18

43. Business administration 18

44. Adverse change 19

45. Financial statements and information 19

46. Payment authorization and failed withdrawal attempts 19

47. Leased lands 19

48. Conflict 20

49. Consents and disclosure 20

50. *National Housing Act* 20

51. Compliance with laws 20

52. Notice 20

53. Severability of invalid provisions 21

54. Equivalent Interest Rates 21

1. DEFINITIONS

The parties hereto agree that the following terms shall for the purpose of this Charge have the following meanings:

Charge: means, for the electronic registration system, the charge/mortgage given by the Member to the Financial Institution pursuant to the signed "authorization and direction", and prepared and registered in the electronic format, and for the non-electronic paper-based registration system, the charge/mortgage of land given by the Member to the Financial Institution pursuant to the form prescribed and registered, both pursuant to the *Land Registration Reform Act* of Ontario. Charge shall also include all schedules, renewals, extensions or amendments as well as these Standard Charge Terms;

CMHC: means Canada Mortgage and Housing Corporation, and its successors;

CMHC Program: means a national program for pooling and securitizing housing loans, under which CMHC is Program Administrator;

Condominium Corporation: means the Condominium Corporation referred to in the legal description of the Lands;

Confidential Personal Information: means any and all information or data protected by Privacy Laws, including (without limitation) information or data that: (a) is personal information or information about an identifiable individual (as more particularly defined in the applicable Privacy Laws) that was collected, used, disclosed or accessible to such party; or (b) is information from which an individual or individual's identity can be ascertained either from the information itself or by combining the information with information from other sources available to the parties;

Debtor: means a Person who has Indebtedness owing to the Financial Institution, and who may or may not also be the Member;

Declaration: means the registered Declaration which relates to the Condominium Corporation;

Financial Institution: means the chargee and includes the successors and assigns of the Financial Institution;

Guarantor: shall include the heirs, executors, administrators, successors and assigns of the Guarantor;

Indebtedness: means the outstanding Principal Amount, interest, damages, costs, charges or expenses and all other amounts payable by the Member and/or Debtor to the Financial Institution under this Charge, and under any Loan Documents entered into now or in the future, on such terms as agreed to by the Member from time to time, and which the Member has agreed will be secured by this Charge;

Insured Indebtedness: means Indebtedness in respect of which a Loan Insurance Policy has been issued and is in effect;

Interest Rate or Rate: means the Interest Rate set out in the Charge, as amended, provided that if the Member and the Financial Institution have agreed in writing in any agreement that a different rate will apply to all or part of the Indebtedness, then that different rate shall apply;

Lands: means the Lands more particularly described in the Charge, as amended, together with all buildings, constructions and improvements whether affixed or otherwise, present or future, including without restricting the generality of the foregoing all fences, installations for heating, plumbing, air conditioning, ventilation, lighting, water heaters, stoves, refrigerators, storm windows and doors and all fixtures;

Loan Documents: means collectively, this Charge and such other agreements by which the Financial Institution agrees to lend money or extend credit to the Member or an agreement under which the Member provides a guarantee to the Financial Institution to secure the obligations of another person, or any other documents and instruments relating to the Charge, as amended, supplemented and restated, and **Loan Document** means any one of them. A Loan Document may be in different forms, such as promissory notes, line of credit agreements, loan agreements, guarantees and conditional sale agreements;

Loan Insurance Policy: means, in respect of Insured Indebtedness, a policy of insurance issued by a Loan Insurer pursuant to which the Financial Institution is insured by the Loan Insurer against default;

Loan Insurer: means, in respect of any Insured Indebtedness, the insurer under the Loan Insurance Policy, which may be CMHC or another loan insurer;

Member: means the chargor and includes the heirs, executors, administrators, successors and assigns of the Member and anyone to whom the Lands are transferred;

Obligation: means all of the obligations, covenants and provisos that the Member and/or Debtor has agreed to perform and all of the Promises that the Member and/or Debtor has made under the Loan Documents and that the Member has agreed to in writing will be secured by the Charge;

Person: means any natural person, body of natural persons or body corporate;

Principal or Principal Amount: means the amount set out in the Charge;

Privacy Laws: means the *Personal Information Protection and Electronic Documents Act* (Canada) and any regulations thereunder, as amended or supplemented from time to time, and any other similar applicable federal, provincial or territorial legislation now in force or that may in the future come into force in Canada governing the protection of personal information in the private sector applicable to the conduct of business by the Financial Institution, a Loan Insurer, the Program Administrator, any other person having or proposing to acquire any interest in all or any part of the Obligations, including any loan under the related Loan Document(s), from time to time (including their respective advisors, agents, lawyers, accountants, consultants, appraisers, credit verification sources, credit rating agencies and servicers), any other person in connection with any collection or enforcement proceedings taken under or in respect of all or any part of the Obligations, including any loan or the related Loan Document(s) and to the activities contemplated herein, together with any common law duties of confidentiality owed by the such persons to the Member or any Debtor or Guarantor;

Program Administrator: means CMHC, acting in the capacity as administrator and trustee of, and guarantor of timely payment of securities issued under, any CMHC Program;

Promise: means an agreement, convention, covenant or promise by which the parties to same pledge themselves to the other that something is either done, or shall be done, or shall not be done, or stipulates for the truth of certain facts; when used as a verb, means that something is either done or shall be done or shall not be done; and

Term: means the period between the date of registration of the Charge and the date on which the balance of the Indebtedness shall become owing according to the Loan Documents' "Repayment" clause.

2. INTERPRETATION

- (a) Unless otherwise provided, whenever two or more Persons are liable under these Standard Charge Terms, such liability shall be both joint and several.
- (b) The Charge shall be exclusively governed and construed in accordance with the laws of Ontario and the applicable federal laws of Canada. The Member exclusively submits to the jurisdiction of the courts of Ontario with respect to the Charge.
- (c) A reference in the Charge to a statute includes the statute as it may be amended and any replacement or substitute statute and its regulations.
- (d) The paragraph headings herein are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.
- (e) Words importing the singular number only shall include the plural and vice versa, and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

3. STATUTORY COVENANTS EXCLUDED

The parties agree that the Covenants deemed to be included in all charges by reason of the *Land Registration Reform Act*, are excluded from this Charge and replaced by the Promises herein.

4. CREATION OF CHARGE

The Member charges in favour of the Financial Institution the Lands described in the Charge as security for the repayment of the Indebtedness, and the performance of all Obligations in accordance with the Charge, together with all remedies, rights and powers available to the Financial Institution at law and under this Charge.

5. CHARGE VOID

Subject to the within provisions, this Charge shall be void upon payment to the Financial Institution of all of the Indebtedness owing by the Member and/or Debtor in accordance with the terms and Obligations under the Charge.

6. INTEREST

Interest is payable at the Rate set out in the Charge until the total Indebtedness has been paid, both before and after the balance due date, before and after default, and before and after obtaining any court judgment against the Member. Payments received by the Financial Institution may be applied by it to any part of the sums due under the Charge, notwithstanding any contrary stipulation by the Member.

7. COMPOUND ARREARS

On any default of payment by the Member, the Financial Institution shall charge interest on any overdue portion of the Indebtedness ("Compound Interest"). Compound Interest shall be paid on the regular payment dates. The Financial Institution shall also charge interest, at the Interest Rate, on Compound Interest that is overdue until paid in full, both before and after maturity as well as both before and after default and judgment.

8. ADVANCES OF PRINCIPAL

The Member agrees that neither the preparation, execution nor registration of this Charge shall bind the Financial Institution to advance the Principal Amount secured under this Charge. Similarly, the advance of a part of the Principal Amount secured under this Charge shall not bind the Financial Institution to advance any unadvanced portion. Nevertheless, this Charge shall take effect immediately upon execution by the Member, and the costs and expenses of the examination of title, all related searches and the preparation of this Charge and valuation are to be secured by this Charge in the event of the whole or any balance of the Principal Amount not being advanced. These costs shall be a charge upon the said Lands and shall, without demand, be payable immediately with interest at the Rate set out in the Charge, and in default the Financial Institution may exercise the power of sale and all its remedies, rights and powers available at law and under this Charge.

9. MUNICIPAL TAXES

With respect to municipal taxes, school taxes, local improvement rates and all other taxes, orders and levies charged by a competent authority chargeable against the Lands (the "Taxes"), it is agreed as follows:

- (a) Subject to the provisions of this paragraph, the Member shall pay all Taxes chargeable against the Lands as they become due;
- (b) The Member agrees to provide to the Financial Institution, as the Financial Institution may require, receipts confirming the payment of Taxes within a period of thirty (30) days following the date on which they were due;
- (c) The Financial Institution may deduct from the final advance of monies secured by this Charge an amount sufficient to pay the Taxes due at the time of such final advance;
- (d) If required by the Financial Institution, the Member shall, each month, pay to the Financial Institution one twelfth of the amount of the Taxes due for the following year, as estimated by the Financial Institution; the Member shall also pay to the Financial Institution, on demand, the amount, if any, by which the actual Taxes exceed such estimated amount;
- (e) The Member shall pay interest at the rate set out in the Charge on any debit balance, in the account maintained by the Financial Institution with respect to Taxes, after payment of Taxes by the Financial Institution, until such debit balance is fully repaid and such amount is payable immediately, added to the Charge and shall be a charge on the Lands.

The Financial Institution agrees to apply such deductions and payments to Taxes chargeable against the Lands so long as the Member observes the Promises contained in this Charge. The Financial Institution is not required to pay Taxes more than once a year, and the Financial Institution does not hold any money received from the Member for the payment of Taxes in trust for the Member and shall not be required to pay interest to the Member on any monies received for this purpose. If the Taxes imposed are more than the amount collected by the Financial Institution on the Member's behalf, the Member shall immediately pay to the Financial Institution the difference upon being requested to do so. The Member agrees to provide the Financial Institution with all assessment notices, tax bills and other notices affecting the imposition of taxes immediately after receipt of same.

10. CHARGE TERMS AND CONDITIONS

- (a) The parties agree as follows, subject to paragraphs 10(d) and (e) below:
 - (i) Any Debtor's liability under this Charge shall be limited to the sum of the Indebtedness due under the Charge.
 - (ii) That this Charge is and shall be a continuing collateral security to the Financial Institution for the Indebtedness and shall be deemed to be taken as security for the ultimate balance of such Indebtedness and the observation of the Promises and Obligations of any Debtor, any Guarantor and the Member under this Charge. This Charge shall not merge nor shall anything herein contained operate so as to create any merger or discharge of the Indebtedness owing to the Financial Institution or of any lien, term loan agreement, bill of exchange or other instrument or security held by or which may hereafter be held by the Financial Institution from the Member or from any Debtor or any Guarantor or from any other person and this Charge shall not in any way prejudicially affect any security held or which may hereafter be held by the Financial Institution for the said Indebtedness or any part thereof, or the liability of any Guarantor, any Debtor or any other person upon any such lien, term loan agreement, bill of exchange or other instrument or security or contract or any renewal thereof held by the Financial Institution for or on account of the Indebtedness or any part thereof, nor shall the remedies of the Financial Institution in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of this Charge.
 - (iii) That any and all payments made in respect of the Indebtedness and the monies or other proceeds realized from the sale of any securities held therefor, including this Charge, may be applied and reapplied notwithstanding any previous application on such part of such Indebtedness as the Financial Institution may see fit or may be held unappropriated in a separate account for such time as the Financial Institution may see fit.
 - (iv) That the Financial Institution may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or from perfecting securities or guarantees of, may accept compositions from and may otherwise deal with the Member, any Debtor, any Guarantor, any surety, any security or the Lands, and all other persons as the Financial Institution may see fit, without prejudicing the rights of the Financial Institution under this Charge.
 - (v) That the taking of judgment in respect of the said Indebtedness or any instrument now or hereafter representing or evidencing the said Indebtedness or under any of the Promises in this Charge or in any such instrument contained or implied shall not operate as a merger of the said Indebtedness, or of such instrument or Promises nor affect the Financial Institution's right to interest, nor affect nor prejudice any rights or remedies given to the Financial Institution by the terms of this Charge.
 - (vi) (A) That the Member shall not create or allow to be created any further mortgages, charges or encumbrances (the "**Subsequent Charges**") secured against the Lands without first obtaining the written consent of the Financial Institution, which consent the Financial Institution may, in its sole discretion, give or refuse.
(B) That all Subsequent Charges to which prior written consent is given by the Financial Institution shall contain a clause postponing all advances under such Subsequent Charges to all advances made or security given under this Charge irrespective of whether such advances are made or security given prior to or subsequent to the Subsequent Charges or any advances under such Subsequent Charges.
(C) Any Subsequent Charges created in contravention of the provisions of this Charge shall be conclusively deemed to contain a clause postponing all advances hereunder to advances made or security given under this Charge irrespective of whether such advances are made or security given prior to or subsequent to the registration of and/or advances under such Subsequent Charges.
 - (vii) This Charge is in addition to, and not in substitution for, any other security held or subsequently obtained by the Financial Institution regarding the Indebtedness and the Financial Institution may exercise its remedies under this Charge or under any other security given in respect of the Indebtedness, concurrently or successively, at its sole option and discretion.
 - (viii) Furthermore, unless the Financial Institution otherwise promises, this Charge shall only be discharged when:
 - (A) All the Indebtedness secured or payable under this Charge is paid in full;
 - (B) All the Promises and Obligations contained in this Charge are fully satisfied by the Member and/or any Guarantor and/or any Debtor;
and
 - (C) The Financial Institution has executed and delivered to the Member a discharge registrable in electronic or paper form.

- (b) In the event one or more of the Members is not also a Debtor, each such Member which is not also a Debtor jointly and severally promises the Financial Institution as follows:
- (i) This Charge and the Promises, Obligations and agreements on the part of a Debtor herein contained shall be the continuing obligation and liability of each Member and shall cover all of the Indebtedness and Obligations of any Debtor hereunder and shall apply to and shall secure any ultimate balance of the Indebtedness secured by the Charge or intended to be secured by the Charge.
 - (ii) The Financial Institution shall not be bound to exhaust its remedies against any Debtor or others or any securities (which term when used in this paragraph includes all guarantees) it may at any time hold before being entitled to payment from each Member of the Indebtedness secured by this Charge and each Member waives any benefit of division.
 - (iii) This Charge, the Indebtedness and Obligations of each Member thereto shall not be affected by the death or loss or diminution of capacity of any Debtor or of the Member, or by any change in the name of any Debtor or Member or in the membership of any Debtor's or Member's firm, partnership, association or organization through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of any Debtor's or Member's business by a corporation, or by any change whatsoever in the objects, capital, structure or constitution of any Debtor or Member, or by any Debtor or Member or any Debtor's or Member's business being amalgamated with a corporation or wound up or its corporate existence terminated, but shall notwithstanding the happening of any such event continue to exist and apply to the full extent as if such event had not happened.
 - (iv) This Charge, as a continuing security of the Indebtedness of any Debtor, shall not be considered as wholly or partially satisfied by the payment or liquidation at any time of any sum of money for the time being due or remaining unpaid to the Financial Institution, and all dividends, compositions, proceeds of security valued and payments received by the Financial Institution from any Debtor or from any other person, including a trustee in bankruptcy or receiver, shall be regarded for all purposes as payments in gross without any right on the part of the Member to claim a reduction of their liability under this Charge, the benefit of any such dividends, compositions, proceeds or payments of any securities held by the Financial Institution or proceeds thereof, and no Member shall have the right to be subrogated in any rights of the Financial Institution until the Financial Institution has received payment in full of the Indebtedness.
 - (v) The Member and each one of them, if there are more than one, shall be jointly and severally liable with any Guarantor and any Debtor for the repayment of all the Indebtedness secured by this Charge. The Financial Institution shall have no obligation to confirm the capacity, status or power of any Guarantor and any Debtor, or of its directors, partners or agents, and all sums of money, advances of funds or credit borrowed or obtained from the Financial Institution in the exercise or apparent exercise of its powers shall form part of the Indebtedness and Obligations secured by this Charge and shall be recoverable by the Financial Institution on demand together, even though the exercise of such powers may not be regular, may lack status or exceed the power or capacity of the Guarantor and any Debtor, and in either case, its directors, partners, or agents.
 - (vi) Each Member shall be bound by any account settled between the Financial Institution and any Debtor, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Financial Institution shall be accepted by such Member and each of them as conclusive evidence of the amount which at the date of the account so stated is due by any Debtor to the Financial Institution or remains unpaid by any Debtor to the Financial Institution.
- (c) Each of the Member and any Guarantor and any Debtor hereby acknowledges and agrees that the Financial Institution, in its sole discretion, may insure or deal with all or any part of the Obligations without restriction and without notice to the Member, any Guarantor and any Debtor, or any other person, and that they have consented to such actions and that no further notice is required.
- (d) Notwithstanding any other provisions of these Standard Charge Terms and the provisions of all applicable Loan Documents, with respect to Insured Indebtedness, (i) any new or additional advances, increases to principal, or further borrowings, including in the case of any fluctuating account or accounts, revolving loans, lines of credit, additional or further advances beyond an initial advance, re-advances, and multiple facilities made after the initial advance or beyond the authorized amount as the case may be (each an **"additional advance"** and, collectively, **"additional advances"**), on such terms as notified to the Member from time to time, are only permitted on the condition that (i) each additional advance is new Indebtedness, or (ii) all such additional advances are in the aggregate new Indebtedness, and in each case of (i) or (ii), for so long as there is Insured Indebtedness secured by the Charge, the Insured Indebtedness shall be separate and distinct from any other Indebtedness that may be secured by the Charge, and, upon a default under the Charge, the Insured Indebtedness will have priority over any Indebtedness that is not Insured Indebtedness as to payment, collection, enforcement and realization.
- (e) Notwithstanding any other provisions of these Standard Charge Terms and the provisions of all applicable Loan Documents, if Insured Indebtedness is included by the Financial Institution in a CMHC Program, then, only for so long as the Insured Indebtedness is included in the CMHC Program:
- (i) as against the Loan Insurer and the Program Administrator, the Financial Institution will refrain from exercising the security of the Charge for the benefit of any Indebtedness except for the Insured Indebtedness (without the Financial Institution in any way waiving, disclaiming, discharging or releasing the security of the Charge as against any persons, including the Member, the Guarantor, any Debtor and any person having or taking an interest in the Lands described in the Charge); and
 - (ii) as against the Loan Insurer and the Program Administrator, the Financial Institution will refrain from exercising any available rights of consolidation, cross-collateralization or cross default that may exist in favour of the Financial Institution with regard to any Indebtedness other than the Insured Indebtedness.
- (f) In cases where the Loan Documents specify that if the Charge secures Obligations relating to multiple loans at any time, the Financial Institution has the right to allocate and apply all payments received from or on behalf of the Member, or any Debtor or Guarantor, to any loan as the Financial Institution may determine in its sole discretion, both before and after default, provided that the terms of paragraphs (d) and (e) above shall apply.
- (g) The provisions provided in this section shall be read and interpreted together with other provisions in these Standard Charge Terms applicable to this Charge and any Loan Document(s) and, in the event of a conflict among them, the provisions of this section shall prevail.

11. PROMISES OF THE MEMBER

The Member hereby promises and warrants to the Financial Institution as follows:

(a) PAYMENT OF PRINCIPAL, INTEREST AND OTHER SUMS AND OBSERVATION OF PROMISES

The Member Promises the Financial Institution to pay, without deduction or abatement, the amounts advanced under the Charge and interest thereon in accordance with the provisions of the Charge; and to pay and satisfy, as they become due, without limiting the generality of the foregoing, all taxes, assessments and other levies imposed by any municipal, local, parliamentary or other competent authority, which may now or hereafter be imposed, charged or levied upon the Lands, including, without limiting the generality of the foregoing, any electricity, gas, water or sewer charges, and when required shall leave the receipts therefor with the Financial Institution; to do, observe, perform, fulfil and keep all the provisions, Promises, agreements and stipulations provided in the Charge; and that in the event of default, the Financial Institution shall have quiet possession of the Lands free and clear from all encumbrances.

Without prejudice to the Financial Institution's rights under the *Credit Unions and Caisses Populaires Act, 1994*, the Member authorizes the Financial Institution to withdraw from any account maintained by the Member with the Financial Institution, the instalments or any other amounts due under this Charge.

The Member Promises and warrants to the Financial Institution that all obligations, remittances and source deductions owed or payable by the Member pursuant to the *Income Tax Act*, the *Employment Insurance Act*, the *Canada Pension Plan*, the *Excise Tax Act*, the *Retail Sales Tax Act*, and any other similar obligation under any applicable legislation ("Tax Obligations") are up to date and have been paid in full. The Member further promises and agrees to pay such Tax Obligations as they become due. Where more than one advance is anticipated or occurs, the Member further represents, warrants and agrees to provide satisfactory evidence to the Financial Institution, prior to each advance, that any such Tax Obligations are up to date and have been paid in full. The Member also irrevocably authorizes and directs all appropriate governmental authorities or agencies to provide any and all information to the Financial Institution or the Financial Institution's solicitors, relating to any Tax Obligations that may be payable or outstanding by the Member, either alone or with other parties.

(b) AUTHORITY TO CHARGE LANDS

The Member Promises and warrants to the Financial Institution that it has good right, full power and absolute authority to charge the Lands, in the manner set out in this Charge.

(c) TITLE

The Member Promises and warrants to the Financial Institution that at the time of execution of this Charge it has a good and indefeasible estate in fee simple to the Lands, free and clear of all charges, easements, reservations, equitable interests, and other interest of any kind whatsoever, except as disclosed by the records of the land registry office.

(d) PRIOR ENCUMBRANCES

The Member Promises and warrants to the Financial Institution that it has not by any act, omission, or consent permitted or done anything whereby the Lands are or may hereafter be in any way encumbered by any charge, easement, equitable interest or any other interest whatsoever, except as disclosed in the records of the land registry office.

(e) INSURANCE

The Member Promises that it will immediately insure and keep insured the buildings now or hereafter erected on the Lands for a sum which shall not be less than their full replacement value and during the continuance of this Charge keep them insured in favour of the Financial Institution against loss and damage by fire and other perils usually covered in fire insurance policies and against any other perils, as the Financial Institution may require. The Member shall deliver to the Financial Institution, at least fifteen days prior to the expiry of any insurance policy and at least five days prior to the effective date of any notice of cancellation, evidence that it has renewed or replaced such insurance, failing which the Financial Institution may provide for such insurance and charge the costs of such insurance and interest on such costs at the Interest Rate to the Member and the same shall be payable immediately and shall also be a Charge upon the Lands. It is also agreed that the Financial Institution may at any time require any insurance of the buildings to be cancelled and new insurance effected in a company to be named by the Financial Institution. The Financial Institution may of its own accord effect or maintain any insurance herein provided for, and any amount paid by the Financial Institution therefore shall be payable immediately by the Member with interest at the Interest Rate and shall also be a Charge upon the Lands. All policies of insurance shall provide that loss shall be payable to the Financial Institution as its interest may appear and contain a charge clause in a form approved by the Financial Institution. The Financial Institution may, in its sole discretion, require that all monies received in the event of loss be applied in whole or in part in discharge of any of the monies due under the Charge, whether outstanding or not.

(f) ACCELERATION ON DEFAULT

In default of payment of interest, of any instalment of Principal, or of any other amount payable by the Member, in whole or in part, under this Charge, or in the event of default by the Member in the observance of any of the Obligations contained in this Charge, the Financial Institution may, in its sole discretion, demand immediate payment of the Indebtedness due under the Charge. In default of payment, the Financial Institution may exercise all of its remedies, rights and powers available at law, and under this Charge, including the power of sale herein contained. It is agreed that the Financial Institution may in writing waive its right to demand immediate payment of the Indebtedness due under the Charge, but notwithstanding such waiver, the Financial Institution may exercise such right at a later time, or in the event of any other default.

The Member Promises with the Financial Institution and warrants that in the event of non-payment of the Principal or interest, and all other amounts payable under this Charge which may become due pursuant to this paragraph, it shall not require the Financial Institution to accept payment of the Principal monies without first giving three months' previous notice in writing or paying the indemnity calculated in accordance with the applicable formula provided in these Standard Charge Terms. The Member agrees that this indemnity constitutes a form of compensation payable in consideration for the Member's full repayment of the Indebtedness and is not a penalty.

(g) DISTRESS

The Financial Institution may, when applicable, distrain for arrears of interest, Principal and with respect to all other amounts due under this Charge. All costs incurred in connection with the Financial Institution's exercise of its remedy of distress are payable by the Member immediately with interest at the Interest Rate and are a Charge on the Lands.

(h) ENTRY ON DEFAULT

In default of the payment of interest, of any instalment of Principal, or of any other amount payable by the Member, in whole or in part, under this Charge, or in the event of default by the Member in the observance of any of the Obligations contained in this Charge, the Financial Institution may take possession of the Lands and shall have quiet possession of the Lands free and clear from all charges, executions or other encumbrances without the let, suit, hindrance, interruption or denial of the Member.

(i) FURTHER ASSURANCES

At all times, the Member and any person who shall have a right or claim against the whole or any part of the Lands will, at the Member's expense, execute, deliver or obtain any deed or other instrument and do anything which the Financial Institution or its solicitor may deem necessary for the further, better and more perfectly and absolutely conveying and assuring the Lands hereby charged unto the Financial Institution and such expenses shall be payable immediately by the Member, with interest at the Interest Rate, and shall be a Charge on the Lands.

(j) REPAIR

The Member will keep the Lands in good condition and repair and each of the Financial Institution, Loan Insurer, Program Administrator, or any of its authorized representatives or agents may, whenever it deems necessary, in person or through an agent, enter upon and inspect the Lands and make such repairs as the Financial Institution deems necessary. The costs of such inspection and repairs with interest at the Rate set forth in the Charge shall be payable immediately by the Member and be a Charge upon the Lands. If the Member neglects to keep the Lands in good condition and repair or commits or permits any act of waste on the Lands (as to which the Financial Institution shall be the sole judge) the Financial Institution may demand the immediate payment of the Indebtedness secured and due under the Charge and in default of payment, the Financial Institution may exercise all of its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained. The Member also promises to immediately advise the Financial Institution of any order or notice relating to the Lands issued by any competent authority and the Member further agrees that the existence of any such order or notice shall constitute a default under this Charge and in such event, the Financial Institution may exercise all of its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

(k) POWER OF SALE

In the event of default of payment of the Indebtedness or in the observing, performing, fulfilling or keeping of one or more of the Obligations or Promises contained in the Charge, the Financial Institution may enter into possession of the Lands and take the rents and revenues and, whether in or out of possession of the Lands, may make any lease of the Lands as the Financial Institution shall think fit.

Further, in the event of default in any payment of the Indebtedness or of any failure with respect to observing, performing or fulfilling one or more of the Obligations contained in the Charge, and fifteen (15) days shall have then elapsed without the default having been remedied, the Financial Institution may, after giving thirty-five (35) days' written notice to the persons and in the manner prescribed by the *Mortgages Act*, without any further consent or concurrence of the Member, sell and absolutely dispose of all or any part of the Lands by public auction or private contract, or partly by private contract and partly by public auction, as the Financial Institution shall see fit, and may convey and assure the same when so sold unto the purchaser, its heirs, executors, successors, administrators and assigns, and execute and do all such things as may be found necessary for these purposes. The Financial Institution shall not be responsible for any loss which may arise by reason of any leasing or sale of the Lands unless by reason of its willful neglect or default.

The production of a Statutory Declaration from the Financial Institution shall be conclusive evidence of default and of the continuance of the Indebtedness by the Member.

After such sale, the Financial Institution shall stand and be possessed of the monies to arise and be produced by such sale, or which shall be received by the Financial Institution by reason of any insurance upon the premises upon the following trusts:

(i) Firstly, to pay all costs, charges, fees or other expenses related to a completed or attempted sale, lease or conveyance of the Lands;

(ii) Secondly, to pay and satisfy the Indebtedness secured by the Charge;

(iii) Thirdly, to the extent that a surplus remains after full payment and satisfaction of the amounts due under this Charge, the

Financial Institution shall apply such surplus towards the payment of subsequent encumbrances according to their priorities pursuant to all applicable laws;

(iv) Fourthly, to the extent that a surplus remains, to the Member.

Notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Financial Institution shall have and be entitled to its right of foreclosure.

Any Notice shall be given to the Member and to such other persons in the manner and as required by law at the time it is given. Where there are no such requirements, notice may be given to the Member, at the Financial Institution's option, by one or more of the following means:

- (i) Personal service at the Member's last known address;
- (ii) Registered mail at the Member's last known address;
- (iii) Publication in a newspaper published in the city, county or district where the Lands are located;
- (iv) Leaving it with an adult on the Member's Lands; or
- (v) Posting it on the Member's Lands.

The Financial Institution may sell any part of the Lands on such terms as shall appear most advantageous and for such price as can be obtained after reasonable efforts. The Financial Institution may bid or buy the Lands at the time of such sale and may rescind or amend any contract for the sale of the whole or any part of the Lands and resell without being held liable or answerable for loss occasioned thereby. In the case of a sale on credit, the Financial Institution shall be bound to pay to the Member only such monies as have been actually received from the purchaser after the satisfaction of the claims of the Financial Institution. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by expressed notice that any sale or lease is improper. No lack of notice or publication when required shall invalidate any sale or lease.

The Member shall reimburse the Financial Institution for legal fees and disbursements (calculated on a full-indemnity basis), real estate commissions and all other costs incurred by the Financial Institution in exercising the power of sale herein contained and all such fees, commissions and other costs shall bear interest at the Rate provided in the Charge, shall be payable by the Member immediately and shall be a Charge on the Lands.

12. SALE OF THE LANDS

- (a) In the event of a sale or other transfer, whether voluntary or involuntary, in whole or in part, of the Lands by the Member, the Financial Institution may demand immediate payment of the Indebtedness, together with an indemnity calculated in accordance with the applicable prepayment provisions of these Standard Charge Terms. The Member agrees that such indemnity constitutes a form of compensation payable in consideration for the Member's full repayment of the Indebtedness and is not a penalty.
- (b) It is agreed that no sale or other dealing by the Member with the Lands shall in any way change the liability of the Member or in any way alter the remedies, rights and powers of the Financial Institution available at law and under this Charge as against the Member or any other person liable for payment of the monies secured under this Charge.

13. SUBSEQUENT CHARGE

In the event that the Member gives a charge on the Lands to another lender without obtaining the Financial Institution's prior consent, the Financial Institution may, at its sole option and discretion, demand full repayment of the Indebtedness immediately, together with an indemnity calculated in accordance with the applicable prepayment provisions of these Standard Charge Terms. The Member Promises that such indemnity constitutes a form of compensation payable in consideration for the full repayment of the Indebtedness by the Member and is not a penalty.

14. PAYMENTS BY THE FINANCIAL INSTITUTION

It is agreed that the Financial Institution may pay all premiums of insurance and all taxes, rates and utility and heating charges which shall fall due with respect to the Lands and be unpaid by the Member. Any such payments made by the Financial Institution together with all costs, charges, legal fees (on a full-indemnity basis) and expenses incurred in taking, recovering and keeping possession of the Lands, and for negotiating this loan, investigating title, and registering this Charge and other necessary deeds, and all costs incurred in any other proceedings taken in connection with or to realize this security (including real estate commissions incurred in leasing or selling the Lands), shall bear interest at the Rate set forth in this Charge and be a Charge upon the Lands in favour of the Financial Institution. The Financial Institution may pay or satisfy any lien, charge or encumbrance now existing or that shall be created or claimed upon the Lands and all amounts incurred for any such purpose shall likewise be a Charge upon the Lands in favour of the Financial Institution. It is hereby further agreed that all amounts paid by the Financial Institution shall be added to the Indebtedness secured and shall be immediately payable by the Member with interest at the Rate set out in this Charge. In default of payment of any obligation under this paragraph, the Financial Institution may demand immediate payment of the Indebtedness due under the Charge and may exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

15. ONTARIO NEW HOME WARRANTIES PLAN ACT

In the event the Financial Institution incurs any cost or expense arising from or relating to the *Ontario New Home Warranties Plan Act*, all such costs and expenses shall be added to the Indebtedness secured under the Charge and be a Charge on the Lands and shall bear interest at the Rate set forth in the Charge, and shall be immediately payable by the Member to the Financial Institution.

16. FIXTURES

It is mutually agreed that all erections, improvements and fixtures put upon the Lands, including, but without limiting the generality of the foregoing, all buildings, structures, fences, heating, piping, plumbing, arials, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment pertinent thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the Lands otherwise than by their own weight are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Lands and shall be a portion of the security for the Indebtedness secured under this Charge.

17. CONSTRUCTION LIEN ACT

At the time of each advance, the Member shall ensure that there shall be full and complete compliance with all requirements of the *Construction Lien Act*, and the Member shall submit to the Financial Institution satisfactory evidence of such compliance. The Member agrees that the Financial Institution shall be entitled to withhold from any advance, or pay into court as an advance, such amounts as the Financial Institution, in its sole discretion, considers advisable to protect its interests under the provisions of the Act, and to secure the priority of the Charge over any actual or potential construction liens. Nothing in this paragraph shall be construed to make the Financial Institution an "owner" or "payer" as defined by the Act, nor shall there be, or be deemed to be, any obligation by the Financial Institution to retain any holdback or otherwise or to maintain on the Member's behalf any holdback which may be required to be made by the owner or payer. Any such obligation shall remain solely the Member's obligation. The Member hereby promises and agrees to comply in all respects with the provisions of the Act.

If a construction lien is filed against all or part of the Lands, then the Member shall have the lien immediately vacated or discharged. If the Member fails to do so, then the Indebtedness payable under this Charge shall, at the option of the Financial Institution, immediately become due and payable and the Financial Institution may exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained. In addition to its other rights provided herein, the Financial Institution shall be entitled to pay into court a sum sufficient to obtain an order vacating such lien or to purchase a financial guarantee bond in the form prescribed under the Act. All costs, charges and expenses incurred by the Financial Institution in connection with such payment into court or in connection with the purchase of a financial guarantee bond or in connection with any legal proceedings described below, together with interest thereon at the Interest Rate herein provided, shall be added to the sums payable and secured by the Charge and shall be immediately payable by the Member to the Financial Institution. If any person that performs work, labour or services or that provides materials to or for the Lands, names the Financial Institution as a party to any legal proceedings which it takes to enforce a construction lien or trust claim, the Member agrees to reimburse the Financial Institution for, and indemnify the Financial Institution against, any and all legal expenses (on a full-indemnity basis) incurred by the Financial Institution in such legal proceedings.

18. BUILDING MORTGAGE

The Member agrees that if the Charge is a charge taken with an intention to secure the financing of any improvements on the Lands, or if the Charge is taken out to repay any such charge, the following conditions shall apply:

- (a) All construction on the Lands shall be carried out by reputable contractor(s) with sufficient experience in a project of the nature and size contemplated, and whose construction contract(s) must be previously approved by the Financial Institution in writing, which approval may be unreasonably withheld.

- (b) The renovations to, or construction of, any buildings, structures and improvements on the Lands, shall be performed in a good and workmanlike manner, with all due diligence and in accordance with the plans and specifications delivered to and approved by the Financial Institution, which approval may be unreasonably withheld, and to the satisfaction of all governmental and regulatory authorities having jurisdiction.
- (c) The Member further Promises and agrees that all advances are to be made in such manner, at such times and in such amounts as the Financial Institution, in its sole discretion, may determine and subject always to the provision to which the Member hereby agrees that, notwithstanding the execution or registration of the Charge or the advancement of any part of the monies, the Financial Institution is not bound to advance the monies or any unadvanced portion of the monies nor make or incur any further loan advance or liability to or for the Member or any other party and the advance of the monies and any part thereof or the making of any loans or advances or the incurring of any liability on behalf of the Member shall be in the sole discretion of the Financial Institution whatever the purpose of this Charge. Without limiting the generality of the foregoing, the Member Promises and agrees to provide to the Financial Institution, prior to each advance, statutory declarations sworn by the Member or, if the Member is a corporation, by an officer of the Member, and outlining the particulars of all contracts entered into by the Member in respect of the supply of services or materials to any improvements on the Lands. Such statutory declarations shall be acceptable to the Financial Institution as to form and content. In addition, the Member Promises and agrees to produce such contracts for examination by the Financial Institution if and whenever the Financial Institution shall so require.
- (d) Provided that should construction on the Lands cease for any reason whatsoever (strikes, material shortages and weather conditions beyond the control of the Member excepted) for a period of at least ten (10) consecutive days, then the Indebtedness payable under the Charge, at the option of the Financial Institution, shall immediately become due and payable and the Financial Institution may exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained. In the event that construction does cease, then the Financial Institution shall also have the right, at its sole option, to assume complete control of the construction in such manner and on such terms as it deems advisable. The cost of completion incurred by the Financial Institution and all incidental costs and expenses together with a management fee of fifteen percent (15%) of the cost of such construction shall, at the option of the Financial Institution, be added to the sums payable and secured by the Charge together with interest thereon at the Interest Rate provided and shall be payable by the Member.
- Without limiting the generality of the foregoing, at all times the Financial Institution shall be entitled to retain, unadvanced, that portion of the Principal Amount required, in its sole opinion, to complete the construction on the Lands as well as an amount equal to the aggregate of all holdbacks required to be maintained by an "owner" under the *Construction Lien Act*.

19. ALTERATIONS

The Member Promises that the Member will not make or permit to be made any alterations or additions to the Lands without the prior consent of the Financial Institution, which consent may be unreasonably withheld, and any failure by the Member to fulfil this Promise shall constitute a default under this Charge and, in the event of default, the Financial Institution shall be entitled to exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

20. DEFAULT IN PRIOR CHARGES

The Financial Institution and the Member Promise and agree that, should default be made by the Member in the observance or performance of any of the Member's obligations or Promises pursuant to any agreements, provisos or conditions contained in any mortgage or charge to which this Charge is subject, the Indebtedness due and payable under this Charge shall, at the option of the Financial Institution, immediately become due and payable and all remedies, rights and powers available to the Financial Institution at law and under this Charge may be exercised by the Financial Institution, including the power of sale herein contained.

21. WAIVER OF DEFAULT

The Member agrees that the Financial Institution may in writing after default under this Charge waive such default and forego its right to demand immediate payment of the full amount of the Indebtedness due under the Charge, but any such waiver shall apply only to the particular default and shall not operate as a waiver of any other or future default.

22. PARTIAL RELEASES

The Financial Institution may release any part or parts of the Lands or any other security or any surety for the Principal Amount and interest secured by this Charge, either with or without any sufficient consideration, without being accountable to the Member except for any monies actually received by the Financial Institution, without responsibility and without releasing any other part of the Lands or any person from this Charge or from any of its Promises. It is expressly agreed that every part or lot into which the Lands are or may be divided does and shall stand charged with the whole Principal Amount secured under this Charge and no person shall have the right to require the Principal Amount to be apportioned.

23. EXTENSIONS

No extension of time given by the Financial Institution to the Member or anyone claiming under him or any other dealing by the Financial Institution with the owner of the Lands or of any part thereof shall in any way affect or prejudice the rights of the Financial Institution against the Member or any other person liable for the payment of the Indebtedness secured under this Charge.

24. RENEWAL

At the discretion of the Financial Institution, this Charge may be renewed by an agreement in writing entered into in accordance with the provisions of this paragraph, at maturity or earlier, for any term, whether or not there may be subsequent encumbrances. It shall not be necessary to register any such agreement in order to retain the priority of this Charge and of the Indebtedness, even if the Rate should be increased, over any instrument registered subsequent to this Charge.

The Financial Institution may, prior to maturity, provide the Member with a renewal agreement indicating that it is willing to renew this Charge upon the terms and conditions as may be specified in the renewal agreement.

The Member must deliver to the Financial Institution the duly executed renewal agreement indicating the Member's acceptance of the terms of renewal offered in the renewal agreement. However, other arrangements may be made by the Member with the Financial Institution with respect to other terms or conditions of renewal. Further, the Indebtedness due under the Charge may be repaid in full on the date of maturity.

If the Member fails to return to the Financial Institution an executed renewal agreement prior to maturity, this Charge shall be renewed for a term of one (1) year or for a lesser term, at the option of the Financial Institution, in accordance with the terms and conditions applicable to this Charge.

The Member further agrees to execute such further and other documentation as may be required by the Financial Institution to give effect to such renewal, and to enable its registration on title, if necessary.

Nothing contained in this paragraph shall confer any right of renewal upon the Member.

25. JUDGMENTS

The taking of a judgment on any of the Promises contained in this Charge shall not operate as a merger of the Promise or affect the Financial Institution's rights including the right to interest at the Rate and times provided in this Charge; further, any judgment shall provide that interest thereon shall be computed at the same Rate and in the same manner as provided in this Charge until the judgment has been fully paid and satisfied.

26. GUARANTOR(S)

In the event that one or more persons designated as Guarantors have executed the Charge or any schedule attached thereto, the following shall apply:

The Guarantor or, if more than one, each of them jointly and severally, in consideration of the Financial Institution making the loan secured by this Charge to the Member, guarantees to the Financial Institution the payment of the Indebtedness and performance and observance by the Member of all Obligations contained in the Charge.

The Guarantor acknowledges that it is responsible as principal debtor and agrees that the Financial Institution may, without notice to the Guarantor, and without limiting or varying the Guarantor's liability, grant extensions, renewals, time, discharges and releases, take other security, release or abandon any security in whole or in part, abstain from taking other sureties or guarantees, or from realizing on sureties or guarantees in its possession, accept proposals and otherwise deal with the Member or any other person including other Guarantors, without releasing, diminishing, or limiting in any way the responsibilities or obligations of the Guarantor to the Financial Institution. The Guarantor further acknowledges that its liability to the Financial Institution shall not be lessened, limited or varied by any deficiency or insufficiency of the security under this Charge nor by any other thing whatsoever including the bankruptcy or insolvency of the Member, the dissolution of the Member, if a corporation, or any want of capacity, or other circumstances rendering the Obligations of the Member void or unenforceable, and nothing save the payment in full of the Indebtedness due under this Charge and the performance of all Obligations under this Charge shall discharge the Guarantor. The Guarantor further acknowledges that the Financial Institution shall not be bound to have recourse or to exhaust its recourse against the Member or against any other person or persons or against any security under this Charge or otherwise before enforcing the Financial Institution's remedies, rights and powers available at law and under this Charge against the Guarantor.

27. CONDOMINIUM

The following provisions apply to any condominium unit that is part of the charged Lands:

- (a) The Member Promises to comply with the *Condominium Act, 1998*, the Declaration, the by-laws and rules of the Condominium Corporation and agrees to provide to the Financial Institution copies of any notices, assessments, by-laws, rules and financial statements provided to him by the Condominium Corporation, and the Member agrees that any violation of its Obligations shall constitute a violation of a Promise pursuant to the Charge;
- (b) The Member Promises that it will insure all improvements which it or previous owners have made to the unit. This provision is in addition to and does not in any way diminish the Member's Obligations under this Charge;
- (c) The Member irrevocably authorizes the Financial Institution to exercise the Member's right to vote or consent with respect to any matter submitted to Members of the Condominium Corporation for a vote or consent. In the event that the Financial Institution does not exercise such rights, the Member may exercise them and the Member hereby promises and agrees to exercise its voting or consent rights in accordance with any direction given by the Financial Institution. The Financial Institution shall have no obligation to vote or consent or otherwise protect the Member's interests by reason of the Member's assignment of its right to vote or consent. The Financial Institution's exercise of the right to vote or consent shall not have the effect of deeming the Financial Institution to be a chargee in possession;
- (d) The Member Promises to pay promptly when due any contributions to regular common assessments and special assessments required by it as an owner of the Lands and in the event the Member defaults in doing so or fails to observe the provisions contained in the *Condominium Act, 1998*, the Declaration or the by-laws and rules of the Condominium Corporation, the Financial Institution may effect such compliance and any charges or costs incurred by the Financial Institution shall be immediately payable, together with interest at the Rate set out in the Charge and shall be a Charge against the Lands.

RESIDENTIAL PROPERTIES

Unless otherwise provided, paragraphs 28, 29, 30, 31 and 32 apply only to owner-occupied residential properties with four (4) units or less.

28. CONVERSION TO CLOSED FIXED RATE

In the case of a Yearly Rate Resetter or Reduced Variable Rate Indebtedness, the Member may, at any time, request that the Financial Institution convert the Indebtedness' Interest Rate to a closed fixed Rate for the remainder of the term. The Interest Rate that shall apply from the time of conversion shall be the Rate then recommended by the Federation of which the Financial Institution is a member for a closed fixed Rate residential mortgage loan, whose term is closest and longer than the remainder of the term. The member may get the interest Rate for such term on the Financial Institution's website, if applicable, or by contacting it.

The Financial Institution may also grant a request for conversion to a term longer than the remainder of the term of the Indebtedness.

To carry out this conversion, the Member shall enter into the agreement then in force at the Financial Institution for closed fixed Rate mortgage loans.

INCREASED SCHEDULED PAYMENTS AND PREPAYMENT

➤ OPEN FIXED RATE

29. **INCREASED SCHEDULED PAYMENTS:** The Member may, at any time, increase his or her scheduled payments without paying the Financial Institution an indemnity. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has agreed in this Charge.

30. **PREPAYMENT:** The Member may, at any time and without paying the Financial Institution an indemnity, prepay the Indebtedness before the end of the term, either in full or in part. In the case of partial prepayments, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

➤ CLOSED FIXED RATE

29. **INCREASED SCHEDULED PAYMENTS:** Once each calendar year, the Member may increase their scheduled payments without paying the Financial Institution an indemnity. However, the total increase over the term of the Indebtedness shall not be greater than twice the payment amount to which they agreed in this Charge. The Member may later choose to decrease their payments to any amount, limited to no less than the amount to which they have initially agreed in this Charge.

Example: The scheduled payment amount to which you agreed at the beginning of the term is \$300 per month. Once each calendar year, you may increase that amount up to twice the initial amount, i.e. \$600 during the life of the term. You may later choose to reduce the scheduled payment to any amount, as long as it is no less than the set minimum of \$300, i.e. the amount to which you initially agreed.

30. PREPAYMENT

30.1 Partial Indebtedness prepayments

Each calendar year, the Member may prepay, in one or more payments of at least \$100, a maximum of 15% of the **initial Indebtedness amount** without paying the Financial Institution an indemnity. This privilege cannot be carried forward from year to year. Moreover, the Member may not exercise this privilege on the day that the Indebtedness is repaid in full, unless the balance owing is equal to or lower than the amount that may be prepaid without paying an indemnity.

The Member may also, at any time, prepay any amount in excess of the 15% stated in the previous paragraph, without repaying the Indebtedness in full. In that event, he or she shall pay the Financial Institution an indemnity, calculated on that excess amount as provided for in section 30.2 "Full Indebtedness prepayment", below.

After making a prepayment, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

Example of calculation: partial Indebtedness repayments

The Financial Institution has loaned you \$200,000 and you still owe \$100,000. Each calendar year, you may make one or more prepayments of at least \$100, indemnity-free, up to a maximum of \$30,000 (i.e. 15% of \$200,000). In the event that you prepay an amount greater than \$30,000 without repaying the Indebtedness in full (e.g. you prepay \$40,000), the indemnity will be calculated on the excess amount (\$10,000 in this example) as provided for in section 30.2 "Full Indebtedness prepayment", below.

30.2 Full Indebtedness prepayment

The Member may prepay the Indebtedness in full at any time. In that event, he or she shall pay the Financial Institution an indemnity equal to the **higher of the following two amounts**:

- (a) an amount equal to **three months' interest** on the amount prepaid, at the Indebtedness' Rate of Interest; **or**
- (b) an amount equal to the interest calculated on the amount thus prepaid, to the end of the term, at an interest Rate equal to the **difference between the following two Rates**:
 - (i) the Interest Rate that applies to the Indebtedness; and
 - (ii) the interest Rate then recommended by the Federation of which the Financial Institution is a member for a closed fixed Rate residential mortgage loan, whose term is closest to the remainder of the term of the Indebtedness. The member may get that interest Rate (hereinafter the "comparison Rate") for such term on the Financial Institution's website, if applicable or by contacting it. If the Member was afforded a reduced Interest Rate, of which he or she was informed in writing when the Indebtedness was granted, the comparison Rate is reduced by a percentage equal to the reduced Interest Rate he or she was afforded.

For purposes of the above calculations, the amount that may be prepaid free of indemnity, according to section 30.1 "Partial Indebtedness prepayments" above, may not be subtracted from the amount of the prepayment.

If the prepayment is made less than three months before the end of the term, the indemnity shall be equal to the interest calculated on the prepayment amount for the remainder of the term, at the Indebtedness' current Rate of interest.

Example of calculation: Indebtedness prepayment in full

You currently owe \$100,000 on your Indebtedness and the Interest Rate is 6%. You want to prepay your Indebtedness in full before the end of the term.

The indemnity outlined in **paragraph 30.2 (a)** (three months' interest) is calculated as follows:

Balance owing:	\$100,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$, thus:	$\$100,000 \times 0.06 = \$6,000$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$, thus:	$\$6,000 \div 12 \times 3 = \$1,500$

The indemnity outlined in **paragraph 30.2 (b)** (difference in Rates) is calculated as follows:

Interest Rate on your Indebtedness:	6% or 0.06 [D]
Comparison Rate according to paragraph 5.2 (b) (ii):	5% or 0.05 [E]
Difference in Rates: $D - E = F$	1% or 0.01 [F]
Balance owing on your Indebtedness:	\$100,000 [G]
Remainder of the term:	2 years and 10 days, i.e. 740 days [H]
Indemnity according to paragraph 30.2 (b):	$G \times F \div 365 \text{ days} \times 740 \text{ days} = \$2,027.40$

You would therefore have to pay \$2,027.40, i.e. the higher of the two indemnities calculated above. However, in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

Note: If you were granted a reduced Interest Rate (e.g. 0.50% per year), the comparison Rate (Interest Rate shown in [E]) would be reduced by the same percentage. It would then be 4.5% instead of 5%, and the difference in Rates shown in [F] would be 1.5% (6% - 4.5%) instead of 1%. The indemnity you would pay would therefore be \$3,041.10 instead of \$2,027.40.

30.3 Proportional cash back repayment

If the Member received cash back when the Indebtedness was granted and he or she is required to pay a prepayment indemnity, they must also repay a portion of that cash back to the Financial Institution. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

Example of calculation: proportional cash back repayment

You want to prepay your Indebtedness in full. The amount of cash back to be repaid is calculated as follows:

Amount of cash back received when the Indebtedness was disbursed:	\$1,000 [I]
Term of the Indebtedness:	5 years (60 months) [J]
Remainder of term at time of prepayment:	33 months [K]
Amount of cash back to be repaid: $I \div J \times K$, thus:	$\$1,000 \div 60 \text{ months} \times 33 \text{ months} = \550 [L]

In the case of a **partial** prepayment, the cash back to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free 15%.

Example:

Amount that exceeds the indemnity-free 15%:	\$10,000 [M]
Balance owing:	\$100,000 [N]
Proportion for calculation: $M \div N$, thus:	$\$10,000 \div \$100,000 = 10\% \text{ or } 0.10$
Amount of cash back you have to repay:	$\$550 \text{ [L]} \times 0.10 = \55

Note that in an actual case, the calculation is based on the exact number of days, rather than the number of months, before the end of the term. This amount owing is in addition to the prepayment indemnity.

30.4 Application of sections 30.1 through 30.3 in any other situation

The prepayment indemnity described in section 30.1 or 30.2 must be paid to the Financial Institution in any other situation where the Indebtedness is being prepaid by a party other than the Member. The same applies to the proportional repayment of cash back that must be made according to section 30.3, where applicable.

➤ YEARLY RATE RESETTER

29. INCREASED SCHEDULED PAYMENTS: Once each calendar year, the Member may increase his or her scheduled payments without paying the Financial Institution an indemnity. However, the total increase over the term of the Indebtedness shall not be greater than twice the payment amount to which he or she agreed in this Charge. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has agreed in this Charge.

Example: The scheduled payment amount to which you agreed at the beginning of the term is \$300 per month. Once each calendar year, you may increase that amount up to twice the initial amount, i.e. \$600 during the life of the term. You may later choose to reduce the scheduled payment to any amount, as long as it is no less than the set minimum of \$300, i.e. the amount to which you initially agreed.

30. PREPAYMENT

30.1 Partial Indebtedness prepayments

Each calendar year, the Member may prepay, in one or more payments of at least \$100, a maximum of 15% of the **initial Indebtedness amount** without paying the Financial Institution an indemnity. This privilege cannot be carried forward from year to year. Moreover, the Member may not exercise this privilege on the day that the Indebtedness is repaid in full, unless the balance owing is equal to or lower than the amount that may be prepaid without paying an indemnity.

The Member may also, at any time, prepay any amount in excess of the 15% stated in the previous paragraph, without repaying the Indebtedness in full. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest on the excess prepayment amount, at the Indebtedness' current Rate of interest.

After making a prepayment, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

Example of calculation: partial Indebtedness prepayments

The Financial Institution has loaned you \$200,000 and you still owe \$100,000. Each calendar year, you have the option of making one or more prepayments of at least \$100, indemnity-free, up to a maximum of \$30,000 (i.e. 15% of \$200,000).

In the event that you prepay an amount greater than \$30,000 without repaying the Indebtedness in full (e.g. you prepay \$40,000), the indemnity will be calculated on the excess amount (\$10,000, in this example), as follows:

Amount subject to an indemnity:	\$10,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$, thus:	$\$10,000 \times 0.06 = \600 [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$, thus:	$\$600 \div 12 \times 3 = \textbf{\$150}$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

30.2 Full Indebtedness prepayment

The Member may prepay the Indebtedness in full at any time. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest calculated on the amount of the prepayment, at the Indebtedness' current Rate of interest.

For purposes of the above calculation, the amount that may be prepaid free of indemnity, according to section 30.1 "Partial Indebtedness prepayments" above, may not be subtracted from the amount of the prepayment.

If the prepayment is made less than three months before the end of the term, the indemnity is calculated on the amount of the prepayment for the remainder of the term, at the Indebtedness' current Rate of interest.

Example of calculation: full Indebtedness prepayment

You currently owe \$100,000 on your Indebtedness and the Interest Rate is 6%. You want to prepay your Indebtedness in full before the end of the term. The indemnity to be paid to the Financial Institution is calculated as follows:

Balance owing:	\$100,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$, thus:	$\$100,000 \times 0.06 = \$6,000$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$, thus:	$\$6,000 \div 12 \times 3 = \textbf{\$1,500}$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

30.3 Proportional cash back repayment

If the Member received cash back when the Indebtedness was granted and he or she is required to pay a prepayment indemnity, he or she must also repay a portion of that cash back to the Financial Institution. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

Example of calculation: proportional cash back repayment

You want to prepay your Indebtedness in full. The amount of cash back to be repaid is calculated as follows:

Amount of cash back received when the Indebtedness was disbursed:	\$1,000 [D]
Term of the Indebtedness:	5 years (60 months) [E]
Remainder of term at time of prepayment:	33 months [F]
Amount of cash back to be repaid: $D \div E \times F$, thus:	$\$1,000 \div 60 \text{ months} \times 33 \text{ months} = \textbf{\$550}$ [G]

In the case of a **partial** prepayment, the cash back to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%.

Example:

Amount that exceeds the amount of the indemnity-free amount of 15%:	\$10,000 [H]
Balance owing:	\$100,000 [I]
Proportion for calculation: $H \div I$, thus:	$\$10,000 \div \$100,000 = 10\% \text{ or } 0.10$
Amount of cash back to be repaid:	$\$550 \text{ [G]} \times 0.10 = \textbf{\$55}$

Note that in an actual case, the calculation is based on the exact number of days, rather than the number of months, before the end of the term. This amount owing is in addition to the prepayment indemnity.

30.4 Proportional repayment of interest saved as a result of a reduced Interest Rate in the first year of the term

If the Member was informed in writing, at the time the Indebtedness was granted, that he or she was afforded a reduced Interest Rate for the first year of the term, and that he or she must pay a prepayment indemnity, the Member must also repay the Financial Institution a portion of the interest he or she saved as a result of that reduced Interest Rate. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

Example of calculation: proportional repayment of interest saved as a result of a reduced Interest Rate in the first year of the term

You want to prepay your Indebtedness in full. You were granted a reduced Interest Rate, applicable to the first year of the term of your Indebtedness and, as a result, you saved \$2,000. The portion of the interest you saved and to be repaid is calculated as follows:

Interest you saved:	\$2,000 [G]
Term of the Indebtedness:	5 years (60 months) [H]
Remainder of the term of the Indebtedness at time of prepayment:	33 months [I]
Amount of interest you saved and to be repaid: $G \div H \times I$, thus:	$\$2,000 \div 60 \text{ months} \times 33 \text{ months} = \textbf{\$1,100}$ [J]

In the case of a **partial** prepayment, the interest saved to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%.

Example:

Amount that exceeds the indemnity-free amount of 15%:	\$10,000 [K]
Balance owing:	\$100,000 [L]
Proportion for calculation: $K \div L$, thus:	$\$10,000 \div \$100,000 = 10\% \text{ or } 0.10$
Amount of interest you saved and to be repaid:	$\$1,100 \text{ [J]} \times 0.10 = \textbf{\$110}$

Note that in an actual case, the calculation is based on the exact number of days and not on the number of months before the end of the term. This amount is in addition to the prepayment indemnity.

30.5 Application of sections 30.1 through 30.4 in any other situation

The prepayment indemnity described in section 30.1 or 30.2 must be paid to the Financial Institution in any other situation where the Indebtedness is being prepaid by a party other than the Member. The same applies to the proportional repayment of cash back and/or the repayment of interest saved, where applicable, as outlined in sections 30.3 and 30.4.

➤ REGULAR VARIABLE RATE

29. **INCREASED SCHEDULED PAYMENTS:** The Member may, at any time, increase his or her scheduled payments without paying the Financial Institution an indemnity. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has agreed in this Charge.

30. **PREPAYMENT:** The Member may, at any time and without paying the Financial Institution an indemnity, prepay the Indebtedness before the end of the term, either in full or in part. In the case of partial prepayments, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

➤ REDUCED VARIABLE RATE

29. **INCREASED SCHEDULED PAYMENTS:** Once each calendar year, the Member may increase his or her scheduled payments without paying the Financial Institution an indemnity. However, the total increase over the term of the Indebtedness shall not be greater than twice the payment amount to which he or she agreed in this Charge. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which her or she has agreed in this Charge.

Example: The scheduled payment amount to which you agreed at the beginning of the term is \$300 per month. Once each calendar year, you may increase that amount up to twice the initial amount, i.e. \$600 during the life of the term. You may later choose to reduce the scheduled payment to any amount, as long as it is no less than the set minimum of \$300, i.e. the amount to which you initially agreed.

30. PREPAYMENT

30.1 Partial Indebtedness prepayments

Each calendar year, the Member may prepay, in one or more payments of at least \$100, a maximum of 15% of the **initial Indebtedness amount** without paying the Financial Institution an indemnity. This privilege cannot be carried forward from year to year. Moreover, the Member may not exercise this privilege on the day that the Indebtedness is repaid in full, unless the balance owing is equal to or lower than the amount that may be prepaid without paying an indemnity.

The Member may also, at any time, prepay any amount in excess of the 15% stated in the previous paragraph, without repaying the Indebtedness in full. In that event, they shall pay the Financial Institution an indemnity equal to three months' interest on the excess prepayment amount, at the Indebtedness' current Rate of interest.

After making a prepayment, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

Example of calculation: partial Indebtedness prepayments

The Financial Institution has loaned you \$200,000 and you still owe \$100,000. Each calendar year, you have the option of making one or more prepayments of at least \$100, indemnity-free, up to a maximum of \$30,000 (i.e. 15% of \$200,000).

In the event that you prepay an amount greater than \$30,000 without repaying the Indebtedness in full (e.g. you prepay \$40,000), the indemnity will be calculated on the excess amount (\$10,000, in this example), as follows:

Amount subject to an indemnity:	\$10,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$, thus:	$\$10,000 \times 0.06 = \600 [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$, thus:	$\$600 \div 12 \times 3 = \mathbf{\$150}$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

30.2 Full Indebtedness prepayment

The Member may prepay the Indebtedness in full at any time. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest calculated on the amount of the prepayment, at the Indebtedness' current Rate of interest.

For purposes of the above calculation, the amount that may be prepaid free of indemnity, according to section 30.1 "Partial Indebtedness prepayments" above, may not be subtracted from the amount of the prepayment.

If the prepayment is made less than three months before the end of the term, the indemnity is calculated on the amount of the prepayment for the remainder of the term, at the Indebtedness' current Rate of interest.

Example of calculation: full Indebtedness prepayment

You currently owe \$100,000 on your Indebtedness and the Interest Rate is 6%. You want to prepay your Indebtedness in full before the end of the term. The indemnity to be paid to the Financial Institution is calculated as follows:

Balance owing:	\$100,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$, thus:	$\$100,000 \times 0.06 = \$6,000$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$, thus:	$\$6,000 \div 12 \times 3 = \mathbf{\$1,500}$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

30.3 Proportional cash back repayment

If the Member received cash back when the Indebtedness was granted and he or she is required to pay a prepayment indemnity, her or she must also repay a portion of that cash back to the Financial Institution. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

Example of calculation: proportional cash back repayment

You want to prepay your Indebtedness in full. The amount of cash back to be repaid is calculated as follows:

Amount of cash back received when the Indebtedness was disbursed:	\$1,000 [D]
Term of the Indebtedness:	5 years (60 months) [E]
Remainder of term at time of prepayment:	33 months [F]
Amount of cash back to be repaid: $D \div E \times F$, thus:	$\$1,000 \div 60 \text{ months} \times 33 \text{ months} = \mathbf{\$550}$ [G]

In the case of a **partial** prepayment, the cash back to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%.

Example:

Amount that exceeds the amount of the indemnity-free amount of 15%:	\$10,000 [H]
Balance owing:	\$100,000 [I]
Proportion for calculation: $H \div I$, thus:	$\$10,000 \div \$100,000 = 10\%$ or 0.10
Amount of cash back to be repaid:	$\$550 [G] \times 0.10 = \mathbf{\$55}$

Note that in an actual case, the calculation is based on the exact number of days, rather than the number of months, before the end of the term.

This amount owing is in addition to the prepayment indemnity.

30.4 Application of sections 30.1 through 30.3 in any other situation

The prepayment indemnity described in section 30.1 or 30.2 must be paid to the Financial Institution in any other situation where the Indebtedness is being prepaid by a party other than the Member. The same applies to the proportional repayment of cash back that must be made according to section 30.3, where applicable.

➤ PROTECTED VARIABLE RATE

29. INCREASED SCHEDULED PAYMENTS: Once each calendar year, the Member may increase his or her scheduled payments without paying the Financial Institution an indemnity. However, the total increase over the term of the Indebtedness shall not be greater than twice the payment amount to which he or she agreed in this Charge. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has agreed in this Charge.

Example: The scheduled payment amount to which you agreed at the beginning of the term is \$300 per month. Once each calendar year, you may increase that amount up to twice the initial amount, i.e. \$600 during the life of the term. You may later choose to reduce the scheduled payment to any amount, as long as it is no less than the set minimum of \$300, i.e. the amount to which you initially agreed.

30. PREPAYMENT

30.1 Partial Indebtedness prepayments

Each calendar year, the Member may prepay, in one or more payments of at least \$100, a maximum of 15% of the **initial Indebtedness amount** without paying the Financial Institution an indemnity. This privilege cannot be carried forward from year to year. Moreover, the Member may not exercise this privilege on the day that the Indebtedness is repaid in full, unless the balance owing is equal to or lower than the amount that may be prepaid without paying an indemnity.

The Member may also, at any time, prepay any amount in excess of the 15% stated in the previous paragraph, without repaying the Indebtedness in full. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest on the excess prepayment amount, at the Indebtedness' current Rate of interest.

After making a prepayment, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

Example of calculation: partial Indebtedness prepayments

The Financial Institution has loaned you \$200,000 and you still owe \$100,000. Each calendar year, you have the option of making one or more prepayments of at least \$100, indemnity-free, up to a maximum of \$30,000 (i.e. 15% of \$200,000).

In the event that you prepay an amount greater than \$30,000 without repaying the Indebtedness in full (e.g. you prepay \$40,000), the indemnity will be calculated on the excess amount (\$10,000, in this example), as follows:

Amount subject to an indemnity:	\$10,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$, thus:	$\$10,000 \times 0.06 = \600 [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$, thus:	$\$600 \div 12 \times 3 = \mathbf{\$150}$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

30.2 Full Indebtedness prepayment

The Member may prepay the Indebtedness in full at any time. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest calculated on the amount of the prepayment, at the Indebtedness' current Rate of interest.

For purposes of the above calculation, the amount that may be prepaid free of indemnity, according to section 30.1 "Partial Indebtedness prepayments" above, may not be subtracted from the amount of the prepayment.

30.3 Proportional cash back repayment

If the Member received cash back when the Indebtedness was granted and he or she is required to pay a prepayment indemnity, her or she must also repay a portion of that cash back to the Financial Institution. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

Example of calculation: proportional cash back repayment

You want to prepay your Indebtedness in full. The amount of cash back to be repaid is calculated as follows:

Amount of cash back received when the Indebtedness was disbursed:	\$1,000 [D]
Term of the Indebtedness:	5 years (60 months) [E]
Remainder of term at time of prepayment:	33 months [F]
Amount of cash back to be repaid: $D \div E \times F$, thus:	$\$1,000 \div 60 \text{ months} \times 33 \text{ months} = \mathbf{\$550 [G]}$

In the case of a **partial** prepayment, the cash back to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%.

Example:

Amount that exceeds the amount of the indemnity-free amount of 15%:	\$10,000 [H]
Balance owing:	\$100,000 [I]
Proportion for calculation: $H \div I$, thus:	$\$10,000 \div \$100,000 = 10\%$ or 0.10
Amount of cash back to be repaid:	$\$550 [G] \times 0.10 = \mathbf{\$55}$

Note that in an actual case, the calculation is based on the exact number of days, rather than the number of months, before the end of the term.

This amount owing is in addition to the prepayment indemnity.

30.4 Application of sections 30.1 through 30.3 in any other situation

The prepayment indemnity described in section 30.1 or 30.2 must be paid to the Financial Institution in any other situation where the Indebtedness is being prepaid by a party other than the Member. The same applies to the proportional repayment of cash back that must be made according to section 30.3, where applicable.

31. INTEREST CAPITALIZATION

The following terms and conditions apply solely to variable rate Charges.

(1) Interest Capitalization

Subject to the capitalization limit herein, in the event of a variation in the applicable Interest Rate, if the amount of a regular payment is lower than the interest accrued on the date of the said payment, such unpaid interest shall be capitalized and will thus bear interest at the Charge's current Interest Rate from that date.

(2) Capitalization Limit

When the total of the Charge's outstanding Principal, plus any and all accrued interest and any other amount due by the Member to the Financial Institution pursuant to this Charge exceeds the Charge's original Principal Amount, the Member shall, at the Financial Institution's request:

- (a) immediately pay to the Financial Institution the aforementioned amount in excess of the original Principal Amount; and
- (b) agree to new payment terms and conditions.

32. PORTABILITY

- (a) If the property consists of a residential property and the Member is not in default, the Financial Institution, subject to the conditions which follow, may allow the Member to transfer to a new owner-occupied residential property with four (4) units or less (the "New Dwelling") a Charge (the "New Charge") made upon the same terms and conditions as this Charge, including the Interest Rate charged upon the balance of the Principal Amount secured.
- (b) To avail itself of this privilege, the Member shall submit to the Financial Institution a loan application in respect of the new Charge and shall comply with all requirements and policies of the Financial Institution concerning new loans in effect at such time. If the new Charge satisfies the Financial Institution's lending requirements and policies and if the application for the new Charge is approved, which approval may be unreasonably withheld, a discharge will be provided in respect of the single-family residence originally charged following registration, at the expense of the Member, of the New Charge against the New Dwelling. The Member will, under these circumstances, be exonerated from payment of the indemnity which would otherwise be payable as a result of the prepayment of the Charge except to the extent that the New Charge secures a lesser amount than the Principal Amount outstanding under this Charge. The Member will pay all costs and expenses of and incidental to the approval, preparation, execution and registration of the new Charge and discharge.
- (c) The Member may request that the Principal Amount outstanding under the Charge at the time of the transfer (the "Initial Principal") be increased and if the Financial Institution approves the increase, which approval may be unreasonably withheld, the additional amount shall bear interest at the Interest Rate in effect at the time it is advanced. The Financial Institution may request that a single Interest Rate be stipulated in the new Charge representing the weighted average of the rates applicable to the Initial Principal and the additional amount. A similar blend will also occur where the due date for the new Charge exceeds or precedes the due date of the Initial Principal.

COMMERCIAL PROPERTIES

Paragraph 33 applies to every property that is not an owner-occupied residential property with four (4) units or less.

33. PREPAYMENT PRIVILEGES

Subject to the terms and conditions of an offer to finance or other loan contract, all commercial loans or fractions of split loans may be prepaid, in consideration of the payment of the indemnity calculated as stipulated below. For a fraction of a split loan, the word "loan" in the following clauses has been replaced with the word "fraction", and the clauses must be read making the consequent adaptations (collectively "Loan").

(1) Fixed Rate Loan

The Member may at any time repay the Loan in advance, in whole or in part, on payment to the Financial Institution of an indemnity equal to the greater of:

- An amount equal to three months' interest on the amount prepaid, at the Interest Rate then applicable on the Loan;
- An amount equal to the interest calculated on the amount prepaid, until the Loan expiry date, at an interest rate corresponding to the difference between: (i) the Interest Rate then applicable to the Loan, and (ii) the rate of return of fixed-term Government of Canada bonds (or US government bonds, for a term Loan in US dollars) with a term of one year if, at the time of the payment, less than 24 months remain until the Loan term expiry date, 2 years if from 24 to 36 months, 3 years if from 36 to 48 months, 4 years if from 48 to 60 months, and 5 years if 60 months or over are left. The rates of return of the said bonds are those established, on the date of prepayment, by the Bloomberg pricing system or, failing that, by another system or entity chosen by the Financial Institution. They are quoted on the Financial Institution's internet site, if one is available.

However, if the payment is made less than three months prior to expiration of the Loan term, the indemnity shall not exceed the interest at the Rate then applicable to the Loan, calculated on the prepaid amount from the payment date until the Loan expiry date.

(2) Variable Rate Loan

The Member may at any time reimburse the Loan before maturity, in whole or in part, provided that the Member pays to the Financial Institution an indemnity equal to three months' interest on the amount prepaid, at the Interest Rate then applicable to the Loan. However, if the payment is made less than three months before the Loan term expires, the indemnity shall not exceed the interest at the Rate then applicable on the Loan, calculated on the amount prepaid from the date of prepayment to Loan term expiry date.

(3) Periodically Revisable Rate Loan

The Member may at any time prepay the Loan, in whole or in part, provided that the Member pays to the Financial Institution an indemnity equal to six months' interest on the amount prepaid, at the interest Rate then applicable to the Loan. However, if the payment is made less than three months before the Loan term expires, the indemnity shall not exceed the interest at the Rate then applicable on the Loan, calculated on the amount prepaid from the date of prepayment to the Loan term expiry date.

34. MULTIPROJECT OPTION

Notwithstanding the partial repayment of the Indebtedness secured by this Charge, or of any amount lent pursuant to this paragraph, by accepting this Charge, the Member may request a fresh advance of the amounts which it has reimbursed, as if the amounts had never been borrowed, providing always that the Indebtedness does not exceed the Principal Amount. The Member's request for such advance must be in writing and must specify the loan's purposes. The Financial Institution may, in its sole discretion, accept or deny the request without prejudice to its rights under this Charge. If the Financial Institution accedes to the Member's request, it may require that the Member pay all administrative fees incurred by the Financial Institution. Upon acceptance of the Member's request and payment of the administrative fees by the Member, the Charge shall secure the repayment in favour of the Financial Institution of all Indebtedness and the provisions of this Charge and the most recent renewal agreement will continue to apply.

The Financial Institution agrees that the Member may request an extension or delay, which request must be made in writing. The Financial Institution may, in its sole discretion, accept or deny such request without prejudice to its rights under this Charge. No act of the Financial Institution, such as an extension or a delay granted as herein provided, shall affect the rights of the Financial Institution as against the Member with respect to the payment of the Principal Amount secured under this Charge.

With respect to all amounts advanced in accordance with this paragraph, all references made to the Indebtedness or the Charge shall also include a reference to the amounts subsequently advanced. The entire advance must be made within the time limits determined by the Financial Institution, in its sole discretion, failing which the Financial Institution may, in its sole discretion, refuse to make any further advance. The Financial Institution shall maintain all its remedies, rights and powers available at law and under this Charge.

The Member may waive at any time its right to request further advances from the Financial Institution in accordance with this paragraph by giving written notice to this effect to the Financial Institution. This waiver shall neither affect nor prejudice the remedies, rights and powers of the Financial Institution available at law and under this Charge for sums already advanced.

35. DISCHARGES

Subject to the provisions of this Charge, after receipt in full of the Indebtedness due under this Charge or upon forgiveness in full by the Financial Institution, the Financial Institution shall prepare and execute a discharge of this Charge and shall have a reasonable amount of time to do so. An administrative fee and legal and other expenses incurred for the preparation of such discharge shall be borne and paid by the Member prior to its entitlement to receive an executed discharge of the Charge.

36. ASSIGNMENT OF RENTS

For due consideration and as security for the repayment of all amounts payable by the Member to the Financial Institution under this Charge and the performance and observance of all of the Obligations contained in this Charge, the Member assigns, transfers and conveys to the Financial Institution all rents payable under all leases of the charged Lands or any part thereof together with the benefit of all covenants, agreements and provisos contained in the leases in favour of the Member including the benefit of all guarantees and indemnities, and grants to and charges the Financial Institution the reversion to all such leases. The Member Promises that they will, after making a lease of the charged Lands or any part thereof, immediately execute and deliver to the Financial Institution an assignment in the Financial Institution's usual form of all rents payable under the lease, and will execute and deliver to the Financial Institution all notices and other documents as may be required by the Financial Institution to make such assignment effectual in law. Provided that no lease of the charged Lands or any part thereof made by the Member without the consent in writing of the Financial Institution, which consent may be unreasonably withheld, shall have priority over this Charge or any renewal or extension. Provided further that the Financial Institution shall not be responsible for the collection of rents payable under any lease of the charged Lands or any part thereof or for the performance of any covenants, terms or conditions contained in any such lease and the Financial Institution shall not by virtue of this section be deemed a chargee in possession of the charged Lands. The Financial Institution gives to the Member, provided the Member is not in default under the Charge, the right to collect rents until default under this Charge and the Financial Institution shall be liable to account to the Member for only such rents as are collected less reasonable collection charges.

37. BANKRUPTCY OF MEMBER

In the event the Member makes an assignment for the benefit of creditors or is the subject of an execution or distress or is bankrupt or insolvent, subject to the provisions of the *Bankruptcy and Insolvency Act*, the Charge shall be deemed to be in default and the Financial Institution may exercise all of its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

38. RECEIVERSHIP OF MEMBER

Notwithstanding anything in this Charge, upon default of any of these provisions, the Financial Institution may, with or without entry into possession of the Lands, by instrument in writing appoint any person, whether an officer or an employee of the Financial Institution or not, to be a receiver of the Lands, and of the rents and profits with or without security, and may by similar writing remove any receiver and appoint another in its place and in making any such appointment or removal, the Financial Institution shall be deemed to be acting as the agent or attorney for the Member, but no such appointment shall be revocable by the Member. Upon the appointment of any such receiver the following provisions shall apply:

- (a) Every such receiver shall have unlimited access to the Lands as agent and attorney for the Member (which right of access shall not be revocable by the Member) and shall have full power and unlimited authority to:
 - (i) collect the rents and profits from tenancies or operation of the Lands whether created before or after the Charge;
 - (ii) rent or operate any portion of the Lands which may become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;
 - (iii) complete the construction of any building or other erections or improvements on the Lands left by the Member in an unfinished state or award the same to others to complete and purchase, repair and/or maintain any personal property including, without limitation, appliances and equipment necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Member's materials, supplies, plans, tools, appliances, equipment and property of every kind and description;
 - (iv) manage, operate, repair, alter or extend the Lands or any part thereof.

The Member undertakes to ratify and confirm whatever any such receiver or agent may do.

- (b) The Financial Institution may in its sole discretion vest the receiver with all or any of the rights and powers of the Financial Institution.
- (c) The Financial Institution may fix the reasonable remuneration of the receiver who shall be entitled to deduct same out of the revenue or the sale proceeds of the Lands.
- (d) Every such receiver shall be deemed the agent or attorney of the Member and not, in any event, the agent of the Financial Institution. The Financial Institution shall not be responsible for the receiver's acts or omissions.
- (e) The appointment of any such receiver by the Financial Institution shall not result in or create any liability or obligation on the part of the Financial Institution to the receiver or to the Member or to any other person, and no appointment or removal of a receiver and no actions of a receiver shall constitute the Financial Institution a chargee in possession of the Lands.
- (f) No such receiver shall be liable to the Member to account for monies other than monies actually received by him in respect of the Lands, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:
 - (i) the receiver's remuneration as aforesaid;
 - (ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of his or her remedies, rights and powers available at law and authority hereby conferred;
 - (iii) interest, Principal and other money which may be or become Charged upon the Lands in priority to the Charge, including taxes;
 - (iv) to the Financial Institution all interest, Principal and other amounts due under the Charge to be paid in such order as the Financial Institution in its sole discretion shall determine;

Thereafter, every such receiver shall be accountable to the Member for any surplus.

The remuneration and expenses of the receiver shall be paid by the Member on demand and shall be a charge on the Lands and shall bear interest from the date of demand at the same Rate as applies to the Principal Amount secured by this Charge.

- (g) Save as to claims for accounting under sub-paragraph (f) of this paragraph, the Member hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not which arise or be caused to the Member or any person claiming through or under him or her by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.
- (h) The Financial Institution may, at any time, terminate any such receivership by notice in writing to the Member and to any such receiver.
- (i) The statutory declaration of an officer of the Financial Institution as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the terms of this Charge shall be sufficient proof, as regards to such default and appointment.
- (j) The rights and powers conferred in respect of the receiver are supplemental to and not in substitution of any other remedies, rights and powers available at law which the Financial Institution may have.

39. ENVIRONMENT

(a) Definitions

The following definitions apply to this paragraph:

Abutting Property: means any property which abuts or is contiguous to the Project;

Adverse Effect: means one or more of the following:

- (i) impairment of the quality of the natural environment for any use that can be made of it;
- (ii) injury or damage to property, plant or animal life;
- (iii) arm or material discomfort to any person;
- (iv) alteration to the health of any person, animal or vegetation;
- (v) impairment of the safety of any person;
- (vi) rendering any property, plant or animal life unfit for human use;
- (vii) loss of enjoyment of normal use of property;
- (viii) interference with the normal conduct of business.

Contaminant: means any solid, liquid, gas, sound, heat, odour, vibration, radiation, pollutant or combination of any of them resulting directly or indirectly from human activities that may cause an Adverse Effect;

Discharge: includes addition, deposit, loss, emission, spill or leaking; when used as a verb, it includes to add, deposit, lose, emit, spill or leak;

Document: includes a sound recording, video tape, film, photograph, chart, graph, map, plan, survey, study, audit, book of accounts and information recorded or stored by means of any device and includes statements of account, bank statements, letters, notices, files and any other writing or thing relating to the Project, the activities of the Member, the property upon which the Member exercises its activities or relating to any other discussion or matter of the Member or any activity exercised by the Member which may have an environmental effect;

Environmental Laws: includes all international, federal, provincial, and municipal legislation, all regulations, treaties, by-laws, codes and agreements presently in force or which may come into force in the future which have as object the protection of the environment or which relate to or govern Hazardous Products, the transportation of Hazardous Products, the sources of contamination, toxic Discharges, toxic waste, Contaminants and pollutants and, without limiting the generality of the foregoing, includes the *Environmental Protection Act* of Ontario and the *Canadian Environmental Protection Act, 1999*;

Hazardous Product: means collectively any Contaminant, toxic substance or any other substance which, if it was Discharged in the environment, could cause, immediately or in the future, an Adverse Effect;

Project: includes the Lands including all surface land of the Project (which is not contained in a building), immersed land, any body of water or watercourse running over the Lands, sub-soil or any combination or part thereof and any activity exercised on the Lands;

Source of Contamination: means anything that Discharges any Contaminant into the natural environment;

Surrounding Property: means all property which may suffer an Adverse Effect from the Source of Contamination.

In the event the definitions set forth in this paragraph are given a broader meaning than the one used herein pursuant to any amendment to any applicable law, the definitions found in this paragraph shall include such broader meaning.

(b) Promises

The Member promises the Financial Institution and warrants the following:

- (i) The Member shall not cause or permit to be caused the Discharge of Hazardous Products or Contaminants upon the Project or from the Project upon any Abutting Property or Surrounding Property or in a body of water or watercourse located on the Project or on any Abutting Property or Surrounding Property.
- (ii) The Member shall at all times comply with Environmental Laws and shall take all measures in order to ensure that any person that has been given permission to use, occupy, manage or operate the Project, complies with Environmental Laws.
- (iii) The Member hereby grants to the Financial Institution the absolute right to conduct, at the Member's expense, tests, inspections, studies, verifications or environmental audits, including the right to conduct soil tests or water tests or air tests or any other thing and take samples of the Project.
- (iv) The Member hereby gives unlimited access to the Financial Institution to all of the Member's Documents relating to the Project and this right shall include the right to make copies of such Documents and maintain control thereof.
- (v) The Member shall not exercise and shall not permit any person to exercise any activity which could lead to the imposition of a penalty, directive, fine, order, injunction, action, judgment or liability under the Environmental Laws or which could have the effect of creating any lien upon the Project.
- (vi) The Member shall comply with all requirements of the Environmental Laws and, without limiting the generality of the foregoing, shall obtain all required permits, licenses and other authorizations relating to the Project.
- (vii) The Member promises to immediately advise the Financial Institution of any Discharge of a Hazardous Product or Contaminant upon the Project or from the Project and promises to immediately provide the Financial Institution with copies of any order, by-law, notice, permit, application, judgment, penalty, procedure, communication or Document relating to the Discharge or to any other environmental matter which may have an effect on the Project.
- (viii) The Member promises and undertakes to promptly remove, at its cost, all Hazardous Products or Contaminants upon the Project, Abutting Property, Surrounding Property and body of water or watercourse affected;
- (ix) The Member shall not install or permit to be installed upon the Project any urea formaldehyde foam insulation, asbestos, or any other Hazardous Product.
- (x) The Member shall immediately advise the Financial Institution of any possible violation, anticipated or effective, of the Environmental Laws and any inquiry completed, being completed or anticipated.
- (xi) Upon request of the Financial Institution, the Member shall, at its expense, provide to the Financial Institution copies of all environmental audits of the Project or verifications including copies of updates of such audits or verifications.
- (xii) Upon receipt of any documentation relating to the Project which raises an environmental issue, the Member undertakes to immediately provide a copy thereof to the Financial Institution.

(c) Indemnity

The Member undertakes to indemnify and save harmless the Financial Institution and its agents, officers, directors, employees, receivers and receiver-managers, with respect to all losses, liabilities, claims, damages, costs, expenses, legal fees, disbursements and any other prejudice it may suffer:

- (i) Pursuant to the Environmental Laws, including any lien;
- (ii) By reason of the Discharge of Hazardous Products or Contaminants into the environment and, without limiting the generality of the foregoing, including all costs necessary to defend and/or sustain a cross-claim, a counterclaim or a third party claim and for all costs, liabilities and damages resulting from a settlement made by the Financial Institution; and
- (iii) By reason of the obligation to comply with the requirements of an order, by-law, injunction, judgment, regulation or other similar obligation issued because of the deposit, storage, destruction, burying, injection, spill, Discharge, placement or installation upon the Project, the Abutting Property or Surrounding Property of Hazardous Products or Contaminants, notwithstanding the degree of involvement or knowledge of the Member and, for the application of this paragraph, it is inconsequential that the events giving rise to this obligation took place prior to or after the date of this Charge.

The Obligations and Promises of this paragraph shall survive the foreclosure, extinction or other release or discharge of the Charge. Any amount for which the Member shall be accountable to the Financial Institution pursuant to this paragraph and which the Financial Institution shall itself have to pay shall, subject to the within indemnity, be added to the debt and shall bear interest at the Rate provided in the Charge.

(d) Right of access and other rights of the Financial Institution

In the event of a Discharge of a Hazardous Product or Contaminant, whether or not the source of the contamination is the Project, or in the event the Member is in default of its obligations under the Environmental Laws, the Financial Institution may, in its sole discretion and without any obligation whatsoever, give any notice and conduct any work which the Financial Institution deems necessary and reasonable for the Project and take any other measure to remedy the spill, Discharge or emission or to remedy the Member's default.

Each of the Financial Institution, Loan Insurer, Program Administrator, or any of its authorized representatives or agents may, at all times, in its sole discretion and without any obligation whatsoever, whether or not there is default, enter upon the Project to inspect it or conduct tests, studies, verifications, audits or other environmental measures deemed necessary.

It is understood that any exercise by the Financial Institution of its right to enter, conduct work, require information and be advised of environmental measures in no way constitutes and shall not be deemed to constitute the entering into possession of the Project by the Financial Institution and nothing in the foregoing and in these Standard Charge Terms shall be interpreted to find or deem the Financial Institution to be having the control, responsibility, management or occupation of the Project.

The Member Promises that any failure to comply or fulfil the obligations contained in this paragraph shall constitute a default under the Charge and the Financial Institution shall be entitled, in its sole discretion and without any obligation whatsoever, to exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

40. SPOUSE'S CONSENT

The spouse of the Member consents to the transaction evidenced by the Charge and releases all interest in the charged Lands to the extent necessary to give effect to the rights of the Financial Institution hereunder, and agrees that the Financial Institution may, without further notice, deal with the Member regarding the Lands and the Indebtedness created by the Charge as the Financial Institution may see fit. The Financial Institution may, in its sole and unfettered discretion, require the spouse of the Member to obtain independent legal advice prior to advancing money under the Charge.

41. NOTIFICATION OF CHANGES

The Member agrees to advise and to provide evidence to the Financial Institution immediately after any change or happening affecting any of the following:

- (a) the spousal status of the Member;
- (b) the qualification of the Lands as a matrimonial home within the meaning of the *Family Law Act*; or
- (c) the ownership of the Lands,

in order that the Financial Institution be kept fully informed of the names and addresses of the owners of the Lands and of any person who has a right of possession in the Lands by virtue of the *Family Law Act*.

42. CORPORATIONS

The Member and the Financial Institution Promise and agree that the following events shall constitute a default under this Charge, where the Member is a corporation and same:

- (a) ceases to operate all or part of its business activities, is dissolved, wound up or distributed, makes an assignment for the benefit of creditors, goes into receivership, is bankrupt or the subject of an execution or distress;
- (b) is in default pursuant to any other loan obligations;
- (c) changes the effective control of the corporation; or
- (d) reorganizes, amalgamates or transfers the Lands to a non-arms-length party, without the prior written consent of the Financial Institution, which consent may be unreasonably withheld.

43. BUSINESS ADMINISTRATION

The Member shall administer and operate its business on the Lands in a diligent and prudent manner and provide the Financial Institution with any information it may reasonably request in that respect, including all documents relating to the administration or operation of the business and evidencing the performance of its Obligations under this Charge. The Member agrees that it shall not sell, lease, transfer, amalgamate, discontinue, interrupt or cease all or part of its operations for any period of time, or wind up its business without the prior written consent of the Financial Institution, which consent may be unreasonably withheld, failing which the Financial Institution may, in its sole and absolute discretion, demand immediate payment of the Indebtedness and may exercise all of its remedies, rights and powers available at law and under this Charge, including the power of sale contained herein.

44. ADVERSE CHANGE

The Member Promises and agrees to inform the Financial Institution immediately of any circumstances, events, actions, claims or changes which have or may have an adverse effect on the Member's financial situation or the Lands.

Where there has been such an adverse effect, as determined by the Financial Institution, in its sole and absolute discretion, in:

- (i) the financial situation of the Member or any Guarantor;
- (ii) the Member's or any Guarantor's representations and warranties made in connection with the Charge; or
- (iii) the Lands,

then, the Financial Institution may, at its option, demand immediate payment of the Indebtedness under the Charge and may exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale contained herein.

45. FINANCIAL STATEMENTS AND INFORMATION

If any part of the Lands is or becomes income-producing or is used for agricultural, commercial or industrial purposes, the following provisions shall apply:

- (a) The Member agrees to deliver to the Financial Institution annually, within ninety (90) days of each fiscal year-end of the Member:
 - (i) the financial statements of the Member and any Guarantor;
 - (ii) an operating statement including a detailed statement of income and expenses and supporting documentation in respect of the Lands; and
 - (iii) a current rent roll for the Lands indicating the tenants, area occupied, annual rental, term of tenancy agreements, renewal options and monthly sales information from all reporting tenants,in each case prepared in accordance with generally accepted accounting principles, consistently applied, and in form and content approved by the Financial Institution.
- (b) The Member agrees to deliver to the Financial Institution, within thirty (30) days of a written request from the Financial Institution, the following:
 - (i) a rent roll for the Lands dated as of the last day of the preceding calendar quarter identifying all of the leases of the Lands by the term, renewal options, space occupied, rental and other charges required to be paid, security deposit paid, taxes paid by tenants, common area charges paid by tenants, tenant pass throughs, any rental concessions or special provisions or inducements, rent arrears, rent escalations, amounts taken in settlement of outstanding arrears, collections of rent for more than one month in advance, continuous operation obligations, cancellations or "go dark" provisions and non-competition provisions;
 - (ii) monthly and year-to-date operating statements, each of which shall include an itemization of actual capital expenditures during applicable periods;
 - (iii) a property balance sheet for each such month;
 - (iv) such further financial information as required by the Financial Institution,in each case prepared in accordance with generally accepted accounting principles, consistently applied, and in form and content approved by the Financial Institution.
- (c) The Member promises and agrees with the Financial Institution to maintain at all times proper records and books of account with respect to the Lands and the business of the Member.
- (d) The Financial Institution may, either by its officers or authorized agents at any time during normal business hours, inspect and examine the records and books of account of the Member relating to the Lands and the business of the Member pertaining thereto and make copies or extracts from them and generally conduct such examination of the records and books of account and other records of the Member as the Financial Institution may deem necessary and the Member will, immediately upon the request of the Financial Institution, advise where the records and books of account are maintained and will render such assistance in connection with such examination as the Financial Institution deems necessary, including providing the Financial Institution with any receipts or other supporting documentation it may require.

46. PAYMENT AUTHORIZATION AND FAILED WITHDRAWAL ATTEMPTS

The Member hereby expressly authorizes the Financial Institution to withdraw the loan payments directly from the Member's personal chequing account (the "PCA").

In the event sufficient funds are unavailable in the account from which the loan payments are to be withdrawn, when such payment is due, the Financial Institution may, subject to its rights and remedies, request that the Member pay the applicable fees in order to compensate the Financial Institution for reasonable expenses it incurred in attempting to withdraw said payment. The Member may at any time inquire at the Financial Institution to ascertain the applicable fees.

47. LEASED LANDS

If the Lands are leased, the Member promises and confirms with the Financial Institution that:

- (a) The Member owns the leasehold interest in the Lands.
- (b) The Member has the right to charge the lease and sublet the Land to the Financial Institution; if required under the lease, the Member has obtained the landlord's consent to the Charge.
- (c) Neither the Member nor any other person has charged or otherwise encumbered the lease or its rights under the lease.
- (d) The lease is a valid, existing lease and has not been amended except as has been advised to the Financial Institution in writing; and the Member has paid and performed its obligations under the lease up to the date it signed the Charge and there is no default under the lease.
- (e) The Member shall not amend, surrender or terminate the lease without the Financial Institution's prior approval. The Member shall pay the rent under the lease and perform its obligations under the lease as long as the Indebtedness is outstanding. The Member shall provide the Financial Institution with any notice of default under the lease that it receives. The Member shall indemnify the Financial Institution from all actions, claims and demands relating to defaults under the lease.
- (f) The Member shall assign the last day of the term of the lease, or any renewal terms, which it holds in trust for the Financial Institution, as it may direct.
- (g) The Member charges the leased Lands to the Financial Institution as security only and not as a complete assignment of its interest. The Member subleases the leased Land to the Financial Institution to the extent required by law for the Charge to be effective for the remainder of the term of the lease, except for the last day of the term of the lease (including the last day of any renewal). The Member holds all other rights under the lease in trust for the Financial Institution, including the last day of the term, and any right of renewal or right to purchase.
- (h) The Member hereby irrevocably appoints the Financial Institution as its agent. If there is default under the Charge, the Financial Institution may, as the Member's agent, assign the lease and the last day of the term of the lease as the Financial Institution may determine in its sole and absolute discretion. If the Financial Institution sells the leased Land pursuant to its enforcement rights stipulated herein, the Financial Institution may assign the Member's interest in the lease to a purchaser. The Financial Institution may at any time remove the Member or any other person from being a trustee of the lease under the trust set out in subsection (g) and appoint a new trustee in the Member's place.
- (i) At the Financial Institution's request but at the Member's cost, the Member shall assign to the Financial Institution the last day of the term of the lease or any renewal or substituted term. If the Financial Institution sells the leased Lands under the power of sale the Member shall hold the leased Lands and the last day of the term in trust for any purchaser.
- (j) If the Member neglects or refuses to renew the lease then the Financial Institution may renew the lease in its own name so that the lease will continue to be security for the Charge.
- (k) If the Member has not performed its obligations for fifteen (15) days, then the Financial Institution may, on at least thirty-five (35) days written notice to the Member as required by the *Mortgages Act*, assign the lease. Any assignment may be on the terms set out in these Standard Charge Terms.
- (l) No sale or other dealing by the Member with the lease or the leased Lands and no extension of time given by the Financial Institution to the Member, or anyone claiming under the Member, or any dealing with the Financial Institution with the landlord or the lease, shall in any way affect or prejudice the Financial Institution's rights against the Member or any other person liable to repay the Indebtedness.
- (m) If the Member acquires additional interest in the leased Lands, then by the Charge the Member charges that additional interest to the Financial Institution without the Member or the Financial Institution having to do anything further.

48. CONFLICT

With the exception of Section 10 in which case the terms of paragraph 10(e) apply: (a) if there is any conflict between the terms of the Charge and the terms of any offer to finance, the offer to finance shall prevail; (b) if there is any conflict between the terms of the Charge and the terms of any credit agreement, the credit agreement shall prevail; (c) if there is any conflict between the terms of the Charge and the terms of any renewal agreement, the renewal agreement shall prevail; and (d) if there is any conflict between any schedule attached to the Charge and these Standard Charge Terms, the schedule attached to the Charge shall prevail.

49. CONSENTS AND DISCLOSURE

- (a) The Financial Institution, at its option exercisable in its sole discretion, may sell, transfer, assign, encumber, create a trust in respect of, securitize, in any transaction, insure, or otherwise deal with all or any part of the Obligations, including any loan and the related Indebtedness and any Loan Document(s), or any interest therein, without restriction and notice to the Member, any Debtor or any Guarantor, or any other person, and each of the Member, any Debtor and any Guarantor hereby acknowledges and agrees that they have consented to such dealings and that no further notices are required.
- (b) If the Financial Institution does so, the Member agrees that the Charge shall continue to secure all Obligations, including each loan and all Indebtedness, or any interest therein, that have been so sold, transferred, assigned, encumbered, made subject to a trust, securitized, or otherwise dealt with, and all Obligations, including each loan and all Indebtedness, which arise after any such sale, transfer, assignment, encumbrance, trust, securitization, or other dealing, and this action shall not have any impact on the interest rate or other terms of the loans pursuant to any Loan Document(s). Once sold, transferred, assigned, encumbered, made subject to a trust, securitized, or otherwise dealt with, such Obligations, including each loan and all Indebtedness, or any interest therein may be repurchased, reacquired, or redeemed by the Financial Institution at any time, whether or not an event of default thereunder has occurred.
- (c) The Financial Institution may from time to time, in connection with the sale, assignment, syndication or securitization of a loan, or otherwise, appoint or designate a custodian or agent for a loan, which custodian or agent may be the registered mortgagee. The Member and the Debtor or the Guarantor, if any, acknowledges that such custodian or agent will have no liability whatsoever to the Member or Debtor(s) or Guarantor(s), if any, in connection with a loan.
- (d) The Financial Institution shall have the unrestricted right from time to time to appoint a third party to service or administer any loan, and to deal with the Member and Debtor(s) and Guarantor(s), if any, in place of the Financial Institution, provided that until the Financial Institution gives notice of such appointment to the Member, the Member and Debtor(s) and Guarantor(s), if any, shall continue to deal with the Financial Institutions in matters pertaining to the servicing or administration of the loan.
- (e) In connection with the processing, approving, funding, servicing, and administering, or any insurance, sale, securitization, or financing of all or any part of the Obligations, including any loan under the related Loan Document(s), or any interest therein, any of the Financial Institution, a Loan Insurer, the Program Administrator, any other person having or proposing to acquire any interest in all or any part of the Obligations, including any loan under the related Loan Document(s), from time to time (including their respective advisors, agents, lawyers, accountants, consultants, appraisers, credit verification sources, credit rating agencies and servicers), or any other person in connection with any collection or enforcement proceedings taken under or in respect of all or any part of the Obligations, including any loan or the related Loan Document(s) ("**Information Access Persons**"), may, as it may determine in its sole discretion in accordance with Privacy Laws, collect, use and store information and materials (including Confidential Personal Information) provided by the Member and/or any Debtor and/or any Guarantor to, or obtained by or on behalf of, the relevant Information Access Person, relating to the Obligations, including any loan under the related Loan Document(s), the Member or Debtor or Guarantor, or the Property (both before and after any new loan, any re-financing of a loan, any re-advances and any further advances on any loan, and/or any default) without further notice to the Member or any Debtor or any Guarantor, and any such Information Access Person may, as it may determine in its sole discretion in accordance with Privacy Laws, from time to time transfer, assign, release, disclose, exchange or share such information and materials (including Confidential Personal Information) to or with:

- (i) any other Information Access Persons; and
- (ii) any governmental authority having jurisdiction over it or any of its activities,

and the Member and each Debtor and each Guarantor (if any) hereby irrevocably consents to the collection, use, storage, release, disclosure, exchange, sharing, transfer, and assignment of all such information and materials (including Confidential Personal Information) in accordance with Privacy Laws.

- (f) The Member, any Debtor and any Guarantor consents to Information Access Persons obtaining information about the Member, any Debtor and any Guarantor from credit reporting agencies and other lenders to evaluate the Member, any Debtor and any Guarantor and the Charge.

50. NATIONAL HOUSING ACT

All Canada Mortgage and Housing Corporation insured Charges are made according to the *National Housing Act*.

51. COMPLIANCE WITH LAWS

The Member promises and agrees to promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directives, ordinances, and regulations of every governmental authority and agency concerning the Lands and will, at their own expense, make any and all improvements or alterations, structural or otherwise, which may be required at any time by any such present or future law, rule, requirement, order, directive, ordinance or regulation. Each of the Financial Institution, Loan Insurer, Program Administrator, or any of its authorized representatives or agents, whenever it deems necessary, may by its land surveyor or agent enter upon and inspect the Lands and make such improvements and alterations as the Financial Institution deems necessary to render the Lands in compliance with such laws, rules, requirements, orders, directives, ordinances or regulations and the reasonable cost of such inspection, improvements and alterations, with interest at the Rate set forth in the Charge, shall be payable immediately and be a Charge upon the Lands.

52. NOTICE

Unless otherwise provided at law or in the Charge, any notice required or contemplated pursuant to this Charge, including all demands for payment, shall be made in writing and:

- (a) if given to the Member, may be sent by registered mail or courier service to the last known address for the Member as shown in the Financial Institution's files or delivered personally to the Member at that address;
- (b) if given to the Financial Institution, may be sent by registered mail or courier service to the office of the Financial Institution where the payments under this Charge are required to be made or delivered personally at that address;

and such notices shall be deemed to have been given and received on the date on which they were delivered personally or, if sent by registered mail or courier service, the third working day following the date on which they were mailed or given to the courier service, whether or not they are received.

53. SEVERABILITY OF INVALID PROVISIONS

It is agreed that in the event that any provision of these Standard Charge Terms is illegal, invalid, inapplicable or inconsistent with the provisions of any applicable statute or would by reason of the provisions of any such statute render the Financial Institution unable to collect the amount of any loss sustained by it as a result of making this Charge which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is deemed illegal, invalid, inapplicable, or inconsistent and this Charge shall remain executory notwithstanding such provision.

54. EQUIVALENT INTEREST RATES

The following information is provided in the event the interest payable under this Charge is calculated monthly, not in advance, and/or is a variable interest and the current Rate may be expected to change.

Columns A set forth the Interest Rate calculated monthly and not in advance, whereas columns B set forth the equivalent Rate calculated half-yearly, not in advance.

A	B	A	B	A	B	A	B	A	B	A	B
2.500	2.5131	5.625	5.6913	8.750	8.9111	11.875	12.1727	15.000	15.4766	18.125	18.8233
2.625	2.6394	5.750	5.8193	8.875	9.0407	12.000	12.3040	15.125	15.6097	18.250	18.9581
2.750	2.7658	5.875	5.9474	9.000	9.1704	12.125	12.4354	15.250	15.7428	18.375	19.0929
2.875	2.8923	6.000	6.0755	9.125	9.3002	12.250	12.5669	15.375	15.8760	18.500	19.2278
3.000	3.0188	6.125	6.2037	9.250	9.4301	12.375	12.6985	15.500	16.0092	18.625	19.3628
3.125	3.1454	6.250	6.3319	9.375	9.5600	12.500	12.8301	15.625	16.1425	18.750	19.4979
3.250	3.2721	6.375	6.4603	9.500	9.6900	12.625	12.9618	15.750	16.2759	18.875	19.6330
3.375	3.3988	6.500	6.5887	9.625	9.8201	12.750	13.0935	15.875	16.4094	19.000	19.7682
3.500	3.5256	6.625	6.7171	9.750	9.9502	12.875	13.2253	16.000	16.5429	19.125	19.9034
3.625	3.6525	6.750	6.8456	9.875	10.0804	13.000	13.3572	16.125	16.6765	19.250	20.0387
3.750	3.7794	6.875	6.9742	10.000	10.2107	13.125	13.4892	16.250	16.8102	19.375	20.1741
3.875	3.9064	7.000	7.1029	10.125	10.3410	13.250	13.6212	16.375	16.9439	19.500	20.3096
4.000	4.0335	7.125	7.2316	10.250	10.4714	13.375	13.7533	16.500	17.0777	19.625	20.4451
4.125	4.1606	7.250	7.3604	10.375	10.6019	13.500	13.8854	16.625	17.2116	19.750	20.5807
4.250	4.2878	7.375	7.4892	10.500	10.7324	13.625	14.0177	16.750	17.3455	19.875	20.7163
4.375	4.4151	7.500	7.6182	10.625	10.8630	13.750	14.1499	16.875	17.4795	20.000	20.8521
4.500	4.5424	7.625	7.7472	10.750	10.9937	13.875	14.2823	17.000	17.6136	20.125	20.9879
4.625	4.6698	7.750	7.8762	10.875	11.1244	14.000	14.4147	17.125	17.7477	20.250	21.1238
4.750	4.7973	7.875	8.0053	11.000	11.2552	14.125	14.5472	17.250	17.8819	20.375	21.2597
4.875	4.9248	8.000	8.1345	11.125	11.3861	14.250	14.6798	17.375	18.0162	20.500	21.3957
5.000	5.0524	8.125	8.2638	11.250	11.5170	14.375	14.8124	17.500	18.1506	20.625	21.5318
5.125	5.1800	8.250	8.3931	11.375	11.6480	14.500	14.9451	17.625	18.2850	20.750	21.6680
5.250	5.3078	8.375	8.5225	11.500	11.7791	14.625	15.0779	17.750	18.4195	20.875	21.8042
5.375	5.4355	8.500	8.6519	11.625	11.9102	14.750	15.2108	17.875	18.5540	21.000	21.9405
5.500	5.5634	8.625	8.7815	11.750	12.0414	14.875	15.3437	18.000	18.6887	21.125	22.0768