

THE LAND TITLES ACT

MORTGAGE

(1)

being the registered owner

hereinafter called the Mortgagor,

an estate in fee simple in possession, subject to registered encumbrances, liens and interests, if any, in all the land situate in the Province of Alberta, described as follows:

(which together with the improvements and all fixtures, whether affixed or not, including all refrigerator, stove, machinery, plumbing, doors, windows, screens, carpeting, bathroom fixtures, sheds, lighting fixtures and all apparatus and equipment appurtenant thereto whether removable or stationary, which are now or may hereafter be placed or installed upon the mortgaged premises and shall immediately upon being put thereon become fixtures and form a part of the realty and of the security of this mortgage, and are included in the expression, "the land", where used in this mortgage,

in consideration of the sum of

Dollars of lawful money of Canada, being the principal sum lent to the Mortgagor by MCAP Service Corporation, a corporation having its Head Office in Kitchener, Ontario, and having an office in Alberta at: Suite 1400, 10235 – 101 Street, Edmonton, Alberta T5J 3J8, hereinafter called the Mortgagee.

1. INTERPRETATIONS

In this mortgage:

- a. "charge" means an encumbrance, lien or interest in the land;
- b. "court" means a court or judge having jurisdiction in any matter arising out of this mortgage;
- c. "default" includes each of the events of default listed in Section 9. a. of this mortgage;
- d. "guarantor" means each person who signs this mortgage as a guarantor;
- e. "instalment payment" means the amount of each periodic payment as set out in Section 4. of this mortgage, or a revised amount that the mortgagee may establish;
- f. "instalment payment date" means each payment date as set out in Section 4. of this mortgage, or a revised date that the mortgagee may establish;
- g. "interest" means interest at the interest rate shown in Section 3. of this mortgage;
- h. "Interest Adjustment Date" means the Interest Adjustment Date shown in Section 3 of this mortgage, or a revised date that the mortgagee may establish;
- i. "interest rate" means the interest rate shown in Section 3. of this mortgage, or a revised rate that the mortgagee may establish;
- j. "lease" means the leasehold interest, if any, of the mortgagor referred to in this mortgage;
- k. "mortgage" means charge;
- l. "mortgage money" means the principal amount, interest and any other money owed by the mortgagor under this mortgage, the payment of which is secured by this mortgage;
- m. "place of payment" means the address of the mortgagee shown in this mortgage, or any other place specified in written notice given by the mortgagee to the mortgagor under the mortgage;
- n. "principal amount" means the amount of money shown as the consideration above as reduced by payments made by the mortgagor from time to time, or increased by the advance of readvance of money to the mortgagor by the mortgagee from time to time, and includes all money that is later added to the principal amount under this mortgage;
- o. "receiver" means a receiver or receiver manager appointed by the mortgagee under this mortgage;
- p. "taxes" includes all taxes, rates and assessments of every kind which now or afterward payable by any person in connection with this mortgage, the land or its use and occupation, or arising out of any transaction between the mortgagor and the mortgagee, but does not include the mortgagee's income tax; taxes will be deemed to be due on the day on which they are levied by the applicable authority;

In this mortgage, the singular includes the plural and vice versa.

2. WHAT THIS MORTGAGE DOES

- a. In return for the mortgagee agreeing to lend the principal amount to the mortgagor, the mortgagor grants and mortgages land to the mortgagee as security for repayment of the mortgage money and for performance of all the mortgagor's promises and agreements contained in this mortgage.
- b. If the land mortgaged is described in this mortgage as a leasehold interest, the grant in Subsection a. will be construed as a charge of the unexpired term of the lease less the last month of that term.
- c. This means that:
 - (1) this mortgage will be a charge on the land, and
 - (2) the mortgagor releases to the mortgagee all the mortgagor's claim to the land until the mortgagor has paid the mortgage money to the mortgagee, in accordance with these mortgage terms, and has performed all of the mortgagor's promises and agreements.
- d. The mortgagor may continue to remain in possession of the land as long as the mortgagor performs all of the mortgagor's promises and agreements contained in this mortgage.
- e. When the mortgagor has paid the mortgage money and performed all the mortgagor's promises and agreements under this mortgage and the mortgagee has no obligation to make any further advances, or readvances, the mortgagee will no longer be entitled to enforce any rights under this mortgage and the mortgagor will be entitled to receive a discharge of this mortgage. The discharge must be signed by the mortgagee and must be registered by the mortgagor in the Land Titles Office to cancel the registration of this mortgage against the land.

3. INTEREST

- a. Interest is chargeable on the mortgage money and is payable by the mortgagor at the rate of _____ percent (_____ %) per year, calculated half-yearly.
- b. Interest is not payable in advance. This means that interest must be earned before it is payable.
- c. Until _____, the Interest Adjustment Date, interest is chargeable on the principal amount advanced from time to time, starting from and including the date of advances until, but not including, the Interest Adjustment Date and will, at the mortgagee's option, become due and payable in regular instalments commencing on the first day of the month following the first advance and continuing on the first day of each subsequent month. The balance, if any, of interest on advances will be due and payable on the Interest Adjustment Date.

At the mortgagee's option, interest on advances may be deduced from any advance.
- d. After the Interest Adjustment Date, interest is calculated as in Subsection a. of this Section 3., as well after as before the Maturity Date.
- e. In any case where interest is calculated on a daily basis, simple interest may be charged.
- f. At the end of the each calculation period, unpaid interest will be added to the principal amount and bear interest. This is known as compound interest.
- g. All required interest or compound interest due and owing, as described in Section 3, will be a charge on the land and secured by this mortgage.

4. PAYMENT OF THE MORTGAGE MONEY

- a. The mortgagor promises to pay the mortgage money, in lawful money of Canada, to the mortgagee at the mortgagee's place of payment in accordance with the payment provisions set out in this mortgage and as follows:

an instalment payment to be paid _____ (instalment payment frequency) in the amount of _____ Dollars each (which include principal and interest), beginning on the _____ day of _____, 20____, to and including the _____ day of _____, 20____, (the Maturity Date).
- b. The instalment payment is due and payable as set out in Subsection a. of this Section 4., regardless of the principal amount advanced at the instalment payment date.
- c. Where the full principal amount is not advanced, the instalment payment may, at the mortgagee's option, be reduced proportionately.
- d. The mortgagor promises to arrange for instalment payments to be made by using the mortgagee's pre-authorized cheque plan.
- e. The balance, if any, of the mortgage money will be due and payable on the Maturity Date shown in Subsection a., of this Section 4.
- f. Any additional principal payment which is received on a day other than an instalment payment date, may not be credited for the purpose of calculating interest on the principal amount until the next ensuing instalment payment date.
- g. The amount of the instalment payment will not change as a result of additional principal payments.

h. This mortgage cannot be prepaid except as expressly permitted under this mortgage.

5. EARLY RENEWAL PRIVILEGES

- a. Provided there is no default under this mortgage the mortgagor has the privilege of renewing this mortgage on any instalment payment date during the original term, by selecting a renewal option that the mortgagee is offering at the date of the mortgagor's selection and on payment of the interest rate differential and an early renewal processing fee. Any renewal option selected must result with a Maturity Date equal to or later than the Maturity Date shown in Section 4.a. of this mortgage;
- b. The interest rate differential referred to in Subsection a. is the amount of money the mortgagee requires, on the interest rate change date, to compensate the mortgagee for the loss of interest income which results from a lower rate of interest on a replacing loan for the remainder of the original term. It is calculated after determining the difference between the rate of interest in this mortgage and the rate of interest for a replacing mortgage loan for the mortgage term the mortgagor selects.

6. RENEWAL

- a. In the event that the mortgagee agrees to renew or extend the term of this mortgage, such renewal or extension, including the interest rate, term, instalment payment and other stipulations of such renewal or extension, will be binding upon the mortgagor and all subsequent mortgages, encumbrances and other interests in or of the land subsequent to this mortgage ("Subsequent Encumbrances"), and will take full priority over all Subsequent Encumbrances, whether or not the said renewal or extension is filed or recorded by notice at the applicable Land Titles Office and whether or not the interest rate payable or amortization period applicable during the renewal or extension term is greater than or less than the interest rate or amortization period stipulated in this mortgage. The mortgagor will, forthwith at the mortgagee's request, provide to the mortgagee, at the mortgagor's expense, all such postponements and other assurances as the mortgagee may require to ensure the foregoing binding effect and priority.
- b. All legal (on a solicitor and own client basis) and administrative fees, expenses and costs related to renewals or extensions of the mortgage are payable by the mortgagor and they are secured by this mortgage.

7. PROMISES OF THE MORTGAGOR

- a. The mortgagor promises:
 - 1) to at all times have good and valid title in fee simple to the land free of all encumbrances and claims other than those expressly permitted by the mortgagee;
 - 2) to comply with all terms and conditions of any charge or encumbrance that ranks ahead of this mortgage;
 - 3) to keep all buildings and improvements which form part of the land in good condition and to repair them as the mortgagee reasonably requires;
 - 4) to sign any other document that the mortgagee reasonably requires to ensure that payment of the mortgage money is secured by this mortgage or by any other document the mortgagor has agreed to give as security;
 - 5) not to do anything that has the effect of reducing the value of the land;
 - 6) not to tear down any building or part of a building which forms part of the land without the written consent of the mortgagee;
 - 7) not to make any alteration or improvement to any building which forms part of the land without the written consent of the mortgagee;
 - 8) if the mortgagor has rented the land to a tenant, to keep, if the mortgagee requires, records of all rents received and all expenses paid by the mortgagor in connection with the land and, at least annually, have a statement of revenue and expenses for the land prepared by a professional accountant, if the mortgagee requires, and to give a copy of the statement to the mortgagee, if the mortgagee requires the mortgagor to do so;
 - 9)
 - a) to pay all taxes as they fall due,
 - b) to pay all utility and fuel charges related to the land when they are due,
 - c) to not allow the supply of utilities or fuel to be interrupted or discontinued, and
 - d) that if the supply of utilities or fuel is interrupted for any reason, to ensure that it is restored;
 - 10) to pay all of the mortgagee's administrative fees which it charges from time to time and all of the mortgagee's expenses and costs, including legal fees, on a solicitor and own client basis, including, and without limiting, all fees, expenses and costs to:
 - a) prepare and register this mortgage, including all necessary steps to advance and secure the mortgage money and to report to the mortgagee,
 - b) collect the mortgage money,
 - c) enforce the terms of this mortgage, including efforts to compel the mortgagor to perform the mortgagor's promises and agreements contained in this mortgage,

- d) do anything which the mortgagor has promised to do but has not done, or
 - e) amend this mortgage;
- 11) to pay any money which, if not paid, would result in a default under any charge or encumbrance having priority over this mortgage or which might result in the sale of the land if not paid;
 - 12) to pay and cause to be discharged any charges or encumbrances described in Section 7., Subsection d. 2) which are not prior encumbrances permitted by the mortgagee under this mortgage.
 - 13) to provide, at the mortgagee's request, full particulars and supporting documentation pertaining to the ownership of the land.
 - 14) to insure and keep insured against the risk of the fire and other risks and hazards that the mortgagee asks the mortgagor to insure against, with an insurance company licensed to do business in Alberta and which company the mortgagee approves, all buildings and improvements on the land to their full insurable value on a replacement cost basis and to pay all insurance premiums when due;
 - 15) to send a copy of each insurance policy and renewal certificate to the mortgagee at the place of payment;
 - 16) that on default the mortgagee shall have quiet possession of the land;
- b. The insurance policy or policies required by Subsection a. 14) will contain a mortgage clause approved by the lender that states that payment of any loss will be made to the lender at the place of payment or any other place the lender requires and, if this mortgage is not a first mortgage, the amount of any payment made by the insurance company will be paid to the borrower's lenders in the order of their priorities. The mortgagor will, forthwith upon the happening of any loss or damage, furnish at its expense all necessary proofs and do all acts necessary to enable the mortgagee to obtain payment of the insurance monies. Any insurance monies received by the mortgagee may, at the option of the mortgagee, be applied in whole or in part to: (i) repairing or rebuilding the land, (ii) the payment of all or any part of the mortgage money, whether or not then due or payable; and/or (iii) payment to the mortgagor.
- c. The mortgagor gives up any statutory right to require the insurance proceeds to be applied in any particular manner.
- d. The mortgagor declares, represents, warrants and covenants to and with the mortgagee that:
- 1) the mortgagor owns the land and has the right to mortgage the land to the mortgagee;
 - 2) the mortgagor's title to the land is subject only to:
 - a) those charges and encumbrances that are expressly permitted in writing by the mortgagee, and
 - b) any unregistered charges and encumbrances as described in Section 65(1) of The Land Titles Act of Alberta, including:
 - i. subsisting reservations or exceptions,
 - ii. all unpaid taxes,
 - iii. any public highway, right-of-way or easement,
 - iv. any subsisting lease for a term of less than 3 years where the tenant is in actual occupation,
 - v. any decrees, orders or executions,
 - vi. any right of expropriation,
 - vii. any right of way or other easement granted or acquired under any Act of law in force in Alberta.

or that the mortgagee has agreed to in writing;
 - 3) subject to Subsection 2), the mortgagor:
 - a) has not given any other charge or encumbrance against the land, and
 - b) has no knowledge of any other claim against the land; and
 - 4) the mortgagor will not use the land or permit it to be used, without the mortgagee's consent, for purposes other than those disclosed to the mortgagee in the application for the mortgage loan.
- e. If the mortgagor fails to perform any obligation under this mortgage, the mortgagee may, in its absolute discretion, perform that obligation or retain agents to do so. If that obligation requires the payment of money or if the land is at any time subject to any lien or encumbrance, the mortgagee may make payments and pay or arrange to discharge encumbrances, but is under no obligation to do so. The mortgagor will pay forthwith on demand to the mortgagee all amounts paid by the mortgagee in connection with the performance by the mortgagee of the mortgagor's obligations and all fees, costs and expenses of the mortgagee of every kind, including legal costs on a solicitor and own client basis, together with interest from the date of payment by the mortgagee at the greater of the interest rate on the mortgage or the annual prime rate quoted by the Bank of Montreal plus 3% per annum, calculated daily until paid in full. As such amounts outstanding will be

secured by this mortgage. No performance or payment by the mortgagee relieves the mortgagor from any default under this mortgage or any consequences of that default. If the mortgagee makes any payment or performs any obligation on behalf of the mortgagor, the mortgagee is entitled to all rights, equities and securities of the person paid or satisfied and the mortgagee is entitled to rely upon any statement given by such person as to the amount due to him.

8. AGREEMENTS BETWEEN THE MORTGAGOR AND MORTGAGEE

- a. The mortgagee may, at its option, allow the mortgagor to pay all taxes when they are due.
- b. The mortgagee may, at its option, elect to pay taxes in which case the following will apply:
 - 1) the mortgagee will pay the total amount of taxes on or before the due date, or if taxes are payable in instalments, on or before the due date for payment of the first instalment;
 - 2) the mortgagee may deduct from the final advance of the principal amount, an amount sufficient to pay taxes which are due or will become due by the Interest Adjustment Date;
 - 3) the mortgagee may, at its option, if the mortgagee has not received sufficient money to pay taxes as they become due, disburse monies to pay taxes and they are secured by this mortgage;
 - 4) the mortgagor will pay to the mortgagee in instalments, together with the instalment payment shown in Section 4. of this mortgage, beginning on the date shown in Section 4, an amount which the mortgagee estimates to be needed to enable it to pay taxes as set out in this Section;
 - 5) the mortgagor will pay to the mortgagee on demand, the amount, if any, by which actual taxes exceed the mortgagee's estimates;
 - 6) the mortgagee will, using the balance in the tax account on the date of the mortgagee calculates the interest and principal portion of any instalment payment:
 - a) allow to the mortgagor interest on balances in the mortgagor's favour, at a rate of interest which the mortgagee may determine from time to time, and which rate of interest will never be less than the prevailing rate of interest allowed by the chartered banks on personal savings accounts with chequing privileges, and
 - b) charge to the mortgagor interest on balances in the mortgagee's favour, at the interest rate shown in Section 3.;
 - 7) allowances or charges will not be made less frequently than once each year;
 - 8) the mortgagee will apply amounts received from the mortgagor for taxes, to pay taxes, as long as the mortgagor is not in default under this mortgage. If the mortgagor is in default under this mortgage, the mortgagee may apply any balance in the mortgagor's favour, in any manner the mortgagee thinks reasonable.
 - 9) the mortgagor will forward to the mortgagee, immediately upon receipt, the assessment notices, tax bills and other notices affecting the land. Any penalties which are levied against the land because of late payment of taxes are the mortgagor's responsibility, unless neglect on the mortgagee's part is the reason for penalties;
 - 10) the mortgagor is responsible for applying for all government grants, assistance and rebates in respect of taxes.
- c) The mortgagee may, at its option, discontinue paying taxes and require the mortgagor to pay all taxes when they are due.
- d) If Subsections a. or c. apply, the mortgagor will provide the mortgagee with the receipt of taxes of the municipality in which the land is located, within 30 days from the date of final payment for that year. Failure to provide the required receipt will entitle the mortgagee to obtain evidence of payment from the municipality and any costs incurred are payable by the mortgagor and they are secured by this mortgage.
- e) By this mortgage, the mortgagor grants and mortgages any additional or greater interest in the land that the mortgagor may later acquire.
- f) Any money paid to the mortgagee under this mortgage will:
 - 1) prior to a default, be applied first payment of taxes and mortgage life insurance, if applicable, secondly in payment of interest, thirdly in payment of the principal amount and fourthly in payment of all other money owed by the mortgagor under this mortgage, and
 - 2) after a default, be applied in any manner the mortgagee chooses.
- g) The mortgagee may at any reasonable time inspect the land and any buildings and improvements which form part of it.
- h) If the mortgagee takes possession of the land, the mortgagee will not be responsible for maintaining and preserving the land and need only account to the mortgagor for any money which the mortgagee actually receives in connection with the mortgage or the land.
- i) The mortgagee may spend money to perform any of the mortgagor's promises and agreements contained in this mortgage which the mortgagor has not performed and any money so spent will be added to the principal

amount, bear interest from the date that the money was so spent, and be immediately due and payable to the mortgagee.

- j) If the mortgagor wants to give any notice to the mortgagee, the mortgagor must do so by having it delivered to the mortgagee personally or by sending it by registered or certified mail to the mortgagee's mailing address or to any other address later specified in writing by the mortgagee to the mortgagor.
- k) If the mortgagee wants to give any notice to the mortgagor, including service of a Statement of Claim, any such notice may be effectually given by leaving the same with an adult person on the lands if occupied, or by placing the same thereon, or on any part thereof if unoccupied, or at the option of the mortgagee by publishing the same in some newspaper published in the Province of Alberta, and any such notice shall be sufficient though not otherwise addressed than "To whom it may concern."
- l) Any notice sent by mail is considered to have been received 5 days after it is mailed.
- m) Any notice to be given by the mortgagor to the mortgagee or vice versa during a mail strike or disruption must be delivered in person or by courier, at the expense of the sender, rather than sent by mail.
- n) The mortgagor is not released from the mortgagor's promises and agreements contained in this mortgage only because of the mortgagor sells the land.
- o) If the mortgagor has mortgaged anything else to the mortgagee to better secure payment of the mortgage money, the mortgagee may take all lawful proceedings under any of the mortgages in any order that the mortgagee chooses.
- p) The mortgagee does not have to advance or readvance the principal amount or the rest or any further part of the principal amount to the mortgagor unless the mortgagee wants to, even though:
 - 1) the mortgagor has signed this mortgage;
 - 2) this mortgage is registered in the Land Titles Office; or
 - 3) the mortgagee has advanced to the mortgagor part of the principal amount.
- q) The mortgagee may deduct from any advance of the principal amount:
 - 1) any liens against the land;
 - 2) any reasonable fees, charges or expenses incurred in inspecting or in evaluating the land;
 - 3) any discounts or bonuses on which the mortgagor and mortgagee agree; and
 - 4) any insurance premium and applicable taxes.
- r) The mortgagee's right of consolidation applies to this mortgage and to any other mortgages given by the mortgagor to the mortgagee. This means that if the mortgagor has mortgaged other property to the mortgagee, the mortgagor will not have the right, after default, to pay off this mortgage or any mortgage of other property unless the mortgagor pays the mortgagee all money owed by the mortgagor under this mortgage and all of the mortgages of other property.
- s) The mortgagee may, at any time, release part of the land on payment of all or any part of the mortgage money.
- t) The mortgagee may, at any time, release, in whole or in part the mortgagor or any guarantor from any promise or agreement or other security, either with or without compensation, and the mortgagee is not accountable for the value related to any release or for any money other than money actually received by the mortgagee. After any release, the remaining land, promises and agreements and other securities remain charged with the entire mortgage money secured by this mortgage.
- u) The mortgagee may demand repayment of the remaining principal amount, for any of the reasons set out in Section 9.
- v) The mortgagee may, at its option, allow the mortgagor to change the instalment payment frequency shown in Section 4. by selecting a payment frequency that the mortgagee is offering at the date of the mortgagor's selection, in which case the following will apply:
 - 1) if the instalment payment frequency selected is weekly or bi-weekly, then the instalment payment day must be between Monday and Friday, inclusive;
 - 2) the maximum amortization period allowable is the remaining equivalent monthly amortization period, at the effective date of any such change;
 - 3) should default occur, the mortgagee may, at its option, withdraw the mortgagor's privilege of using an instalment payment frequency other than monthly;
 - 4) interest required to establish a revised instalment payment date resulting from an instalment payment frequency change, whether initiated by the mortgagor or by the mortgagee, is payable by the mortgagor on or prior to the effective date of any such change;
 - 5) the mortgagee may, at its option, charge an administration fee to change the instalment payment frequency if the mortgagor requests the change at a time other than at the origination or renewal of this mortgage or at the date the mortgagor purchases the land.
- w) The mortgagor understands and agrees that the mortgagor's acceptance of the mortgagee's offer to provide mortgage financing is a separate and binding agreement and that it does not become part of this mortgage.
- x) The mortgagor understands and agrees that:

- 1) if the mortgagor sells, conveys, transfers or enters into any agreement of sale or transfer of the land covered by this mortgage; and
- 2) if a purchaser of the land covered by this mortgage fails to apply for and receive the mortgagee's written approval of the sale, conveyance or transfer;

then the mortgage money will become due and payable, together with any fees, charges and expenses, including any interest rate differential as described in Section 5.b of this mortgage.

- y) As further security to the mortgagee for repayment as aforesaid, I hereby assign, transfer and set over onto the mortgagee all leases and rents and other revenues from the lands now or hereafter due or to become due, provided that I will be entitled to receive and recover such rents and other revenues until default under this mortgage, the mortgagee will have no obligation to collect any such rents or other revenues at any time and nothing contained in this clause nor any action taken by the mortgagee under this clause will make or deem the mortgagee to be a mortgagee in possession.
- z) To better secure the punctual payment of the said mortgage monies the mortgagor hereby attorns and becomes tenant to the mortgagee of the mortgaged premises at a monthly rental equivalent to the monthly instalments secured hereby, the same to be paid on each day appointed for the payment of instalments; and if any judgment, execution or attachment shall be issued against any of the goods or lands of the mortgagor or if the mortgagor shall become insolvent or bankrupt or commit an act of bankruptcy within the meaning of the Bankruptcy and Insolvency Act or shall take the benefit of any statute relating to bankruptcy or insolvent debtors then such rental shall, if not already payable, be payable immediately thereafter. The legal relation of landlord and tenant is hereby constituted between the mortgagee and the mortgagor, but neither this clause nor any done by virtue thereof shall render the mortgagee a mortgagee in possession or accountable for any monies except those actually received. The mortgagee may at any time after default hereunder enter upon the mortgaged premises, or any part thereof, and determine the tenancy hereby created without giving the mortgagor any notice to quit.

9. DEFAULTS

a. A default occurs under this mortgage if:

- 1) the mortgagor breaks any of the mortgagor's promises and agreements contained in this mortgage;
- 2) the mortgagor breaks any promise or agreement which the mortgagor has made to the mortgagee in a mortgage of any other land or other property or in any other agreement the mortgagor has made with the mortgagee even though the mortgagor may not have broken any of the mortgagor's promises and agreements contained in this mortgage;
- 3) the mortgagor does not pay any instalment payment on the instalment payment date;
- 4) the mortgagor or any guarantor commits an act of bankruptcy, a petition is filed or an assignment is made under any present or future bankruptcy or insolvency legislation against the mortgagor or a guarantor, or a receiver or receiver-manager of the mortgagor or any guarantor is appointed or a proposal is made to the creditors of the mortgagor or any guarantor under any such bankruptcy legislation or a mortgagor or guarantor is would up, dissolved or liquidated or resolves to do so;
- 5) the land is abandoned or is left unoccupied for 30 or more consecutive days;
- 6) the land or any part of it is sold or expropriated;
- 7) the mortgagor gives another mortgage of the land to someone other than the mortgagee without the prior written consent of the mortgagee;
- 8) the mortgagor does not discharge any judgment registered in the Land Titles Office against the land within 30 days after receiving notice of its registration;
- 9) the mortgagor allows any claim of builders lien to remain undischarged on title to the land for more than 30 days unless the mortgagor:
 - a) diligently disputes the validity of the claim by taking all necessary legal steps to do so,
 - b) gives reasonable security to the mortgagee to pay the claim in full if it is found to be valid, and
 - c) authorizes the mortgagee to use the security to pay the lien in full;
- 10) the mortgagor allows the land to deteriorate so as to reduce the value of the land;
- 11) the mortgagee discovers that any information supplied to the mortgagee in connection with the mortgagor's application for mortgage financing, or in response to conditions set out in the mortgagee's offer to provide mortgage financing, is false or misleading in any material way.

b. If a default occurs under this mortgage, it will have the same effect as though a default had occurred under any other mortgage or agreement between the mortgagor and the mortgagee.

10. CONSEQUENCES OF A DEFAULT

- a. If a default occurs, all the mortgage money then owing to the mortgagee will be, if the mortgagee chooses, due and payable, including without limitation all of the mortgagee's fees, costs and expenses.
- b. If a cheque is returned by the mortgagor's bank on which a payment to be applied to his mortgage is drawn, the mortgagee has the right to collect from the mortgagor all expenses and costs incurred as a result of the returned cheque plus a fee in an amount to be determined by the mortgagee in its sole discretion from time to time.

- c. If a default occurs, the mortgagee may, in any order that the mortgagee chooses, do any one or more of the following:
- 1) demand payment of all the mortgage money;
 - 2) sue the mortgagor for the amount of money due;
 - 3) take proceedings and any other legal steps to compel the mortgagor to keep the mortgagor's promises and agreements contained in this mortgage;
 - 4) enter upon and take possession of the land;
 - 5) sell the land or any part of the land by public auction or private sale, or lease the land on terms decided by the mortgagee:
 - a) on 35 days' notice to the mortgagor if the default has continued for 15 days, or
 - b) complete the construction of any building on the land, or
 - c) repair any building on the land;
 - 6) exercise the right set out in Section 10, Subsection c.5) without entering into possession of the land;
 - 7) apply to the court for an order that the land be sold on terms approved by the court;
 - 8) apply to the court to foreclose the mortgagor's interest in the land so that when the court makes its final order of foreclosure, the mortgagor's interest in the land will be absolutely vested in and belong to the mortgagee;
 - 9) appoint a receiver of the land;
 - 10) enter upon and take possession of the land without the permission of anyone and make any arrangements the mortgagee considers necessary to:
 - a) inspect, lease, collect rents or manage the land;
 - b) complete the construction of any building on the land, or
 - c) repair any building on the land;
 - 11) take whatever action is necessary to take, recover and keep possession of the land.
- d. Nothing in Section 10, Subsection c. affects the jurisdiction of the court.
- e. If the mortgagee sells the land by public auction or by private sale, the mortgagee will use the amount received from the sale to pay:
- 1) any real estate agent's commission;
 - 2) all adjustments usually made on the sale of land;
 - 3) all of the mortgagee's fees, expenses and costs described in Section 10, Subsection g., and
 - 4) the mortgage money;
- and will pay any surplus:
- 5) according to an order of the court if the land is sold by an order of the court, or
 - 6) to the mortgagor if the land is sold other than by an order of the court.
- f. If the money available to pay the mortgage money after payment of the commission, adjustments and expenses referred to in Subsection e. 1) and 3) is not sufficient to pay all the mortgage money, the mortgagor will pay to the mortgagee on demand the amount of the deficiency.
- g. The mortgagor will pay to the mortgagee on demand, all fees, expenses and costs incurred by the mortgagee in enforcing this mortgage. These expenses and costs include the mortgagee's cost of taking and keeping possession of the land, the cost of the time and services of the mortgagee or the mortgagee's employees for so doing, the mortgagee's legal fees and disbursements on a solicitor and own client basis, unless the court allows legal fees and disbursements be paid on a different basis, and all other costs and expenses incurred by the mortgagee to protect the mortgagee's interest under this mortgage. These fees, expenses and costs will be added to the principal amount, be payable on demand and bear interest until they are fully paid.
- h. If the mortgagee obtains judgment against the mortgagor as a result of a default, the remedies described in Section 10, Subsection c. may continue to be used by the mortgagee to compel the mortgagor to perform the mortgagor's promises and agreements. The mortgagee will continue to be entitled to receive interest on the mortgage money until the judgment is paid in full.
- i. If the mortgagee does not exercise any of the mortgagee's rights on the happening of a default or does not ask the mortgagor to cure it, the mortgagee is not prevented from later compelling the mortgagor to cure that default or exercising any of those rights in connection with that default or any later default of the same or any other kind.
- j. Upon default of payment of any principal monies hereby secured at the time or times herein provided, the mortgagee shall be entitled to require, in addition to all monies payable in accordance with this mortgage, a bonus equal to three (3) month's interest in advance on the said principal monies and the mortgagor shall not be entitled to require a discharge of this mortgage without such payment. Nothing herein contained shall effect or limit the right of the mortgagee to recover by action or otherwise the principal money so in arrears after default has been made.

11. CONSTRUCTION OF BUILDINGS OR IMPROVEMENTS

- a. The mortgagor will not construct, alter or add to any buildings or improvements on the land without the prior written consent of the mortgagee, and then only in accordance with accepted construction standards, building codes and municipal or government requirements and plans and specifications approved by the mortgagee.
- b. If this mortgage is intended to finance any construction, alteration or addition, the mortgagee may make advances of the principal amount to the mortgagor based on the progress of construction. The mortgagee will decide whether or not any advances will be made, the amount of the advances, and when they will be made.

12. LEASEHOLD MORTGAGE

- a. This section applies if the land mortgaged in this mortgage is or includes a leasehold interest.
- b. The mortgagor represents to the mortgagee that:
 - 1) the lease is owned by the mortgagor subject only to those charges and encumbrances that are registered in the Land Titles Office at the time the mortgagor signed this mortgage;
 - 2) the lease is in good standing;
 - 3) the mortgagor has complied with all the mortgagor's promises and agreements contained in the lease;
 - 4) the mortgagor has paid all rent that is due and payable under the lease;
 - 5) the lease is not in default; and
 - 6) the mortgagor has the right to mortgage the lease to the mortgagee.
- c. The mortgagor will:
 - 1) comply with the lease and not do anything that would cause the lease to be terminated;
 - 2) immediately give to the mortgagee a copy of any notice of request received from the landlord;
 - 3) immediately notify the mortgagee if the landlord advises the mortgagor of the landlord's intention to terminate the lease before the term expires; and
 - 4) sign any other document the mortgagee requires to ensure that any greater interest in the land that is acquired by the mortgagor is charged by the mortgage.
- d. Any default under the lease is a default under this mortgage.
- e. The mortgagor promises the mortgagee that the mortgagor will not, without first obtaining the written consent of the mortgagee:
 - 1) surrender or terminate the lease; or
 - 2) agree to change the terms of the lease.
- f. The mortgagee may perform any promise or agreement of the mortgagor under the lease.
- g. Nothing done by the mortgagee under this Section will make the mortgagee or mortgagee in possession.

13. RECEIVER

- a. The mortgagor appoints both the mortgagee and any agent of the mortgagee as the mortgagor's attorney to appoint a receiver of the land.
- b. The mortgagee or the mortgagee's agent may, if any default happens, appoint a receiver of the land and the receiver:
 - 1) will be the mortgagor's agent and the mortgagor will be solely responsible for the receiver's acts or omissions;
 - 2) has power, either in the mortgagor's name or in the name of the mortgagee, to demand, recover and receive income from the land and start and carry on any action or court proceeding to collect that income;
 - 3) may give receipts for income which the receiver receives;
 - 4) may carry on any business which the mortgagor conducted on the land;
 - 5) may lease or sublease the land or any part of it on terms and conditions that the receiver chooses;
 - 6) may complete the construction of or the repair of any building or improvement on the land;
 - 7) may take possession of all or part of the land;
 - 8) may manage the land and maintain it in good condition;

- 9) has the power to perform, in whole or in part, the mortgagor's promises and agreements; and
 - 10) has the power to do anything that, in the receiver's opinion, will maintain and preserve the land or will increase or preserve the value or income potential of the land or the mortgagor's business on the land.
- c. From income received, the receiver may do any of the following in any order the receiver chooses:
- 1) retain a commission of 5% of the gross income or any higher commission approved by the court;
 - 2) retain enough money to pay or to recover the cost to collect the income and to cover other disbursements;
 - 3) pay all taxes and the cost of maintaining the land in good repair, completing the construction of any building or improvement on the land, supplying goods, utilities and services to the land and taking steps to preserve the land from damage by weather, vandalism or any other cause;
 - 4) pay any money that might, if not paid, result in a default under any charge or encumbrance having priority over the mortgage or that might result in the sale of the land if not paid;
 - 5) pay taxes in connection with anything the receiver is entitled to do under this mortgage;
 - 6) pay interest to the mortgagee that is due and payable;
 - 7) pay all or part of the principal amount to the mortgagee whether or not it is due and payable;
 - 8) pay any other money owed by the mortgagor under this mortgage;
 - 9) pay insurance premiums.
- d. The receiver may borrow money for the purpose of doing anything the receiver is authorized to do.
- e. Any money borrowed by the receiver, and any interest charged on that money and all the costs of borrowing, will be added to and be part of the mortgage money.
- f. A receiver appointed by the mortgagee may be removed by the mortgagee and the mortgagee may appoint another in the receiver's place.
- g. The commission and disbursements of the receiver will be a charge on the land and will bear interest at the interest rate.
- h. Nothing done by the receiver under this Section will make the mortgagee a mortgagee in possession.

14. CONDOMINIUM PROVISIONS

- a. This Section applies if the land described in this mortgage is or becomes a condominium unit which is a part of a condominium property and The Condominium Property Act of Alberta, as amended, and definitions in that Act will apply, as well as this Section.
- b. The mortgagor promises the mortgagee that:
 - 1) the mortgagor will fulfill all the mortgagor's obligations as a condominium unit owner under the Condominium Property Act of Alberta and the bylaws, rules and regulations of the Condominium Corporation and will pay all money owed by the mortgagor to the Condominium Corporation;
 - 2) the mortgagor's breach of any of the mortgagor's obligations as a condominium unit owner will constitute a breach of the mortgagor's obligations under this mortgage;
 - 3) the mortgagor has the right to exercise the mortgagor's rights as an owner of the land, to vote or to consent in all matters relating to the Condominium Corporation provided that,
 - a) the mortgagee may, at any time or from time to time, give written notice to the mortgagor and to the Condominium Corporation that the mortgagee intends to exercise its right to vote or to consent and in that event, until the mortgagee revokes its notice, the mortgagor may not exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter,
 - b) the mortgagee's exercising of the right to vote or to consent will not make the mortgagee a mortgagee in possession.
 - 4) at the request of the mortgagee, the mortgagor will give the mortgagee copies of all notices, financial statements, proof of payment of common expenses, and other documents given by the Condominium Corporation to the mortgagor;
 - 5) the mortgagor will insure all improvements to the condominium unit and should the Condominium Corporation fail to insure the land as required, the mortgagor will insure common and other interests in the land or assets of the Condominium Corporation;
 - 6) the mortgagor appoints the mortgagee to be the mortgagor's agent to inspect or to obtain copies of any records or other documents of the Condominium Corporation that the mortgagor is entitled to inspect or to obtain;

- 7) if the Condominium Corporation transfers, charges or adds to the common property, or amends the bylaws without the consent of the mortgagee, and if, in the mortgagee's opinion, the value of the land is reduced, the mortgage money will be, at the mortgagee's option, due and payable to the mortgagee on demand.

15. SUBDIVISION

- a. If the land is subdivided:
 - 1) this mortgage will charge each subdivided lot as security for payment of all the mortgage money; and
 - 2) the mortgagee is not required to discharge this mortgage as a charge on any of the subdivided lots unless all the mortgage money is paid.
- b. Even though the mortgage is not required to discharge any subdivided lot from this mortgage, the mortgagee may agree to do so in return for payment of all or part of the mortgage money. If the mortgagee discharges a subdivided lot, this mortgage will continue to charge the subdivided lot or lots that have not been discharged.

16. GUARANTOR'S PROMISES AND AGREEMENTS

Each guarantor, in consideration of the mortgagee making the loan to the mortgagor intended to be secured by this mortgage, by signing this mortgage:

- a. in addition to its obligations under Sub-paragraphs (b) and (c), agrees to be liable with the mortgagor as principal debtor and not as surety for the due payment of the mortgage money, at the times and in the manner provided for in this mortgage;
- b. in addition to its obligations under the Sub-paragraphs (a) and (c), unconditionally guarantees full performance and discharge by the mortgagor of all of the obligations of the mortgagor under this mortgage at the times and in the manner provided for in this mortgage;
- c. in addition to its obligations under Sub-paragraphs (a) and (b), will indemnify and save the mortgagee harmless from and against all losses, damages, costs and expenses which the mortgagee may sustain, incur or be or become liable for in respect of the loan secured by this mortgage, including:
 - 1) the failure, for any reason, of the mortgagor to pay the mortgage money or to do any other act, matter or thing pursuant to the provisions of this mortgage; and
 - 2) any act, action or proceeding of or by the mortgagee for or in connection with the recovery of the mortgage money or any part thereof or obtaining performance by the mortgagor or any other person of any other act, matter or thing pursuant to the provisions of this mortgage; and
 - 3) all legal costs incurred by the mortgagee in enforcing this covenant, on a solicitor and own client basis;
- d. agrees that the mortgagee may, at any time and without notice to, or consent or concurrence by any guarantor, renew the mortgage on the same or different terms, make any settlement, compromise, composition, extension, alteration or variation in the terms of the mortgage, including any increase in the interest rate or principal amount secured by the mortgage, or take, release or surrender any security, or otherwise deal with the mortgagor and that no such dealing by the mortgagee nor any carelessness or neglect by the mortgagee in asserting its rights nor any other thing whatsoever, including, without in any way limiting the generality of the foregoing, failure to register or perfect any security, the loss by operation or law of any right of the mortgagee against the mortgagor or any other person or the loss of destruction of any security nor any dissolution, winding up, receivership, insolvency of the mortgagor or any other guarantor or person in any way releases or diminishes the liability of the guarantor under this mortgage;
- e. agrees that the mortgagee will not be obliged to proceed against the mortgagor or any other person or to enforce or exhaust any security before proceeding to enforce the obligations of any guarantor set out in this mortgage, and that enforcement of those obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the mortgagor or the enforcement of any security for that debt or obligation; and
- f. agrees with the mortgagee to be jointly and severally liable under this mortgage with the mortgagor and all other guarantors.

Each guarantor's obligations will be binding upon the guarantor's successors, assigns, personal representatives and administrators.

17. GENERAL

- a. This mortgage binds the mortgagor and the guarantor and their successors, executors, administrators and assigns.
- b. Each person who signs this mortgage as a mortgagor is jointly and severally liable for all of the mortgagor's promises and agreements contained in this mortgage as though each such mortgagor had been the only mortgagor to sign.
- c. If any part of this mortgage is not enforceable, all other parts will remain in effect and be enforceable against the mortgagor and any guarantor.
- d. Notwithstanding the registration of this mortgage and the advance of funds pursuant to this mortgage, the terms and/or conditions of any letter of commitment pertaining to the loan transaction evidenced by this

mortgage will remain binding and effective on the parties hereto and will not merge in this mortgage nor in any document executed and/or delivered on closing of this transaction, and the terms thereof are incorporated in this mortgage by reference. In the event of any inconsistency between the terms of any such letter of commitment and this mortgage, this mortgage will prevail.

- e. The Section headings in this mortgage are provided for ease of reference and do not form part of this mortgage.
- f. Any agreement in writing between the mortgagor and the mortgagee altering the terms of this mortgage in any way, including altering the payment of the unpaid mortgage money, the term or the interest rate (whether increased or decreased) need not be registered in any land registry office, but is effectual and binding on the land and upon the mortgagor, the mortgagee and upon any subsequent chargee, encumbrancer, transferee of the land, or any part thereof, or other person claiming an interest in the land, as if the agreement had been registered prior to their obtaining any interest in the land. The mortgage will be effective whether or not the whole or any portion of the principal amount is advanced before, after or on the date of execution of this mortgage. This mortgage secures the mortgage money and, for the purposes of Section 106.1 (1.1) of The Land Titles Act, R.S.A. 1980 C.L-5, as amended or replaced from time to time, any portion of the principal amount may be advanced or readvanced by the mortgagee in one or more sums on any future dates and the amount of those advances and readvances when made will be secured by this mortgage and be repayable with interest. If the whole or any part of the principal amount or other amount secured hereby is repaid, until the mortgagee has executed and delivered to the mortgagor a readvance by the mortgagee to the mortgagor to the same extent as if that advance or readvance had been made on the date of execution of this mortgage. Nothing in this paragraph obliges the mortgagee to make a further advance or readvance.

And for the better securing to the mortgagee, the repayment in the manner set out above of the principal amount and interest (and other amounts hereby secured); I hereby mortgage to the mortgagee my estate and interest in the land.

18. IF THIS IS A HIGH RATIO MORTGAGE

If the Mortgage is a high ratio mortgage as defined in the *Law of Property Act (Alberta)*, RSA C. L-7, Regulation 89/ 2004, then the following applies:

This mortgage is a high ratio mortgage to which sections 43(4.1) and (4.2) and 44(4.1) and (4.2) of the *Law of Property Act (Alberta)* apply. You and anyone who, expressly or impliedly, assumes this mortgage from you, could be sued for any obligations under this mortgage if there is a default by you or by a person who assumes this mortgage.

IN WITNESS WHEREOF, the Mortgagor has hereunto signed this mortgage this day of _____, A.D., 20.....

SIGNED, SEALED AND DELIVERED

By the above named.....

As Mortgagor, in the presence of

.....

ENCUMBRANCES REFERRED TO:

CONSENT OF SPOUSE

I,being married to the above nameddo hereby give my consent to the disposition of our homestead, made in this instrument, and I have executed this document for the purpose of giving up my life estate and other dower rights to the said property given to me by THE DOWER ACT, to the extent necessary to give effect to the said disposition.

.....
(Signature of Spouse)

CERTIFICATE OF ACKNOWLEDGEMENT BY SPOUSE

- (1) This document was acknowledged before me by apart from her husband (or his wife).

- (2)acknowledged to me that she (or he),
 - (a) is aware of the nature of the disposition,
 - (b) is aware that THE DOWER ACT gives her (or him) a life estate in the homestead and the right to prevent disposition of the homestead by withholding consent;
 - (c) consents to the disposition of the purpose of giving up the life estate and other dower rights in the homestead given her (or him) by THE DOWER ACT, to the extent necessary to give effect to the said disposition;
 - (d) is executing the document freely and voluntarily without any compulsion on the part of her husband (or his wife).

Dated at, in the Province of Alberta,
this day of A.D. 20

.....
(Signature)

AFFIDAVIT

I, of
.....in the
Province of.....
(Occupation)

make oath and say:

- (1) That I am the mortgagor named in the within instrument.
- (2) That I am not married

or

That neither myself nor my spouse have resided on the within mentioned land at anytime since our marriage.

SWORN before me at
in the Province of Alberta
this day of
..... A.D.

.....
(A Commissioner for Oaths in and for the Province of Alberta)

**LAND TITLES ACT
AFFIDAVIT OF ATTESTATION OF AN INSTRUMENT**

CANADA }
PROVINCE OF ALBERTA } I,
TO WIT: } of the of.....
} in the

MAKE OATH AND SAY

- (1) That I was personally present and did see named in the within Instrument, who personally known to me to be the person(s) named herein, duly sign, seal and execute the same for the purpose named therein.
- (2) That the same was executed at the of in the Province of Alberta and that I am the subscribing witness thereto.
- (3) That I know the said and in my belief of the full age of 18 years.

SWORN before me at
in the Province of Alberta
this day of
..... A.D.

.....
(A Commissioner for Oaths in and for the Province of Alberta)

Dated

20

To

MCAP Service Corporation
Frederick Street
Kitchener, Ontario

MORTGAGE

(The Land Titles Act)

Alberta Fixed Rate
Form 1715-7-98