

PRESCRIBED STANDARD MORTGAGE TERMS

These mortgage terms are considered to be included in and form a part of every mortgage which incorporates prescribed standard mortgage terms, either by an election in the mortgage form or by operation of law.

INTERPRETATION

1. (1) In these mortgage terms,

"borrower" means the person or persons named in the mortgage form as a borrower;

"borrower mailing address" means the postal address of the borrower set out in the mortgage form or the most recent postal address provided in a written notice given by the borrower to the lender under these mortgage terms;

"borrower's promises and agreements" means any one or more of the borrower's obligations, promises and agreements contained in this mortgage;

"court" means a court or judge having jurisdiction in any matter arising out of this mortgage;

"covenantor" means a person who signs the mortgage form as a covenantor;

"default" includes each of the events of default listed in section 7(1);

"interest" means interest at the interest rate shown on the mortgage form;

"interest adjustment date" means the interest adjustment date shown on the mortgage form;

"interest calculation period" means the period or periods for the calculation of interest shown on the mortgage form;

"interest rate" means the interest rate shown on the mortgage form;

"land" means all the borrower's present and future interest in the land described in the mortgage form including every incidental right, benefit or privilege attaching to that land or running with it and all buildings and improvements that are now or later constructed on or made to that land;

"lease" means the leasehold interest, if any, of the borrower referred to in the mortgage form;

"lender" means the person or persons named in the mortgage form as a lender and includes any person to whom the lender transfers this mortgage;

"lender mailing address" means the postal address shown on the mortgage form or the most recent postal address provided in a written notice given by the lender to the borrower under these mortgage terms;

"loan payment" means the amount of each periodic payment shown on the mortgage form;

"maturity date" means the balance due date shown on the mortgage form and is the date on which all unpaid mortgage money becomes due and payable, or such earlier date on which the lender can lawfully require payment of the mortgage money;

"mortgage form" means the Form B under the Land Title (Transfer Forms) Regulation and all schedules and addenda to Form B;

"payment date" means each payment date commencing on the first payment date shown on the mortgage form;

"place of payment" means the place of payment shown on the mortgage form or any other place specified in a written notice given by the lender to the borrower under these mortgage terms;

"principal amount" means the amount of money shown as the principal amount on the mortgage form as reduced by payments made by the borrower from time to time, or increase by the advance or readvance of money to the borrower by the lender from time to time, and includes all money that is later added to the principal amount under these mortgage terms;

"receiver" means a receiver or receiver manager appointed by the lender under this mortgage;

"taxes" means all taxes, rates and assessments of every kind which are payable by any person in connection with this mortgage, the land or its use and occupation, or arising out of any transaction between the borrower and the lender, but it does not include the lender's income tax;

"this mortgage" means the combination of the mortgage form and these mortgage terms.

(2) In this mortgage the singular includes the plural and vice versa.

WHAT THIS MORTGAGE DOES

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

INTEREST

3. (1) Interest is chargeable on the mortgage money and is payable by the borrower.
- (2) Interest is not payable in advance. This means that interest must be earned before it is payable.
- (3) Interest on advances or readvances of the principal amount starts on the date and on the amount of each advance or readvance and accrues on the principal amount until the borrower had paid all the mortgage money.
- (4) Interest payable on any part of the principal amount advanced before the interest adjustment date is due and payable to the lender on the interest adjustment date.
- (5) At the end of each interest calculation period, unpaid accrued interest will be added to the principal amount and bear interest. This is known as compound interest.

PAYMENT OF THE MORTGAGE MONEY

4. The borrower promises to pay the mortgage money to the lender at the place of payment in accordance with the payment provisions set out in the mortgage form and these mortgage terms.

PROMISES OF THE BORROWER

5. (1) The borrower promises
 - (a) to pay all taxes when they are due and to send the lender at the place of payment, or at any other place the lender requires, all notices of taxes which the borrower receives,
 - (b) if the lender requires the borrower to do so, to pay to the lender
 - (i) on each payment date the amount of money estimated by the lender to be sufficient to permit the lender to pay the taxes when they are due, and
 - (ii) any money in addition to the money already paid towards taxes so that the lender will be able to pay the taxes in full,
 - (c) to apply for all government grants, assistance and rebates in respect of taxes.
 - (d) to comply with all terms and conditions of any charge or encumbrance that ranks ahead of this mortgage.
 - (e) to keep all buildings and improvements which form part of the land in good condition and to repair them as the lender reasonably requires,
 - (f) to sign any other document that the lender reasonably requires to ensure that payment of the mortgage money is secured by the mortgage or any other document the borrower has agreed to give as security;
 - (g) not to do anything that has the effect of reducing the value of the land,
 - (h) not to tear down any building or part of a building which forms part of the land,

- (i) not to make any alterations or improvement to any building which forms part of the land without the written consent of the lender;
- (j) if the borrower has rented the land to a tenant, to keep, if required by the lender, records of all rents received and of all expenses paid by the borrower 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 lender requires and to give a copy of the statement to the lender if the lender requires the borrower to do so,
- (k) to insure and keep insured against the risk of fire and other risks and losses that the lender asks the borrower to insure against, with an insurance company licensed to do business in British Columbia, 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,
- (l) to send a copy of each insurance policy and renewal certificate to the lender at the place of payment,
- (m) to pay all of the lender's costs, including legal fees on a solicitor and client basis, to
 - (i) prepare and register this mortgage, including all necessary steps to advance and secure the mortgage money and to report to the lender,
 - (ii) collection of the mortgage money,
 - (iii) enforce the terms of this mortgage, including efforts to compel the borrower to perform the borrower's promises and agreements,
 - (iv) do anything which the borrower has promised to do but has not done, and
 - (v) prepare and give the borrower a discharge of this mortgage when the borrower has paid all money due under this mortgage and the borrower wants it to be discharged,
- (n) if the lender requires the borrower to do so, to
 - (i) give the lender each year post-dated cheques for all loan payments due for that year and for taxes, and
 - (ii) arrange for all loan payments to be made by pre-authorized chequing,
- (o) 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, and
- (p) to pay and cause to be discharged any changes or encumbrances described in subsection (2) (b) which are not prior encumbrances permitted by the lender under this mortgage.

(2) The borrower declares that

- (a) the borrower owns the land and has the right to mortgage;
- (b) the borrower's title to the land is subject only to;
 - (i) those charges and encumbrances that are registered in the land title office at the time the borrower signed the mortgage form; and
 - (ii) any unregistered charges and encumbrances that the lender has agreed to in writing; and
- (c) subject to paragraph (b) the borrower

- (i) has not given any other charge or encumbrance against the land and
 - (ii) has not knowledge of any other claim against the land.
- (3) The Insurance policy or policies required by subsection (1) (k) shall contain a mortgage clause approved by the lender that states that payment of any loss shall 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 shall be paid to the borrower's lenders in the order of their priorities.
- (4) The borrower gives up any statutory right to require the insurance proceeds to be applied in any particular manner.

AGREEMENTS BETWEEN THE BORROWER AND THE LENDER

6. (1) The lender will use the money paid to the lender under section 5(1)(b) to pay taxes unless there is a default in which case the lender may apply the money in payment of the mortgage money.
- (2) By this mortgage the borrower grants and mortgages any additional or greater interest in the land that the borrower may later acquire.
- (3) Any money paid to the lender under this mortgage shall;
- (a) prior to a default, be applied first in payment of interest, secondly in payment of the principal amount and thirdly in payment of all other money owed by the borrower under this mortgage, and
 - (b) after a default, be applied in any manner the lender chooses.
- (4) The lender may at any reasonable time inspect the land and any buildings and improvements which form part of it.
- (5) If the lender takes possession of the land the lender shall not be responsible for maintaining and preserving the land and need only account to the borrower for any money which the lender actually receives in connection with this mortgage or the land.
- (6) The lender may spend money to perform any of the borrower's promises and agreements which the borrower has not performed any money so spent shall 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 lender.
- (7) If the borrower wants to give any notice to the lender, the borrower must do so by having it delivered to the lender personally or by sending it by registered or certified mail to the lender mailing address or to any other address later specified in writing by the lender to the borrower.
- (8) If the lender wants to give any notice to the borrower, the lender must do so by having it delivered to the borrower personally or by sending it by registered or certified mail to the borrower mailing address or to any other address later specified in writing by the borrower to the lender.
- (9) Any notice sent by mail is considered to have been received 5 days after it is mailed.
- (10) Any notice to be given by the borrower to the lender or vice versa during a mail strike or disruption must be delivered rather than sent by mail.
- (11) The borrower is not released from the borrower's promises and agreements only because the borrower sells the land.

- (12) If the borrower has mortgaged anything else to the lender better to secure payment of this mortgage money, the lender may take all lawful proceedings under any of the mortgages in any order that the lender chooses.
- (13) The lender does not have to advance or readvance the principal amount of the rest or any further part of the principal amount to the borrower unless the lender wants to even though
 - (a) the borrower has signed the mortgage;
 - (b) this mortgage is registered in the land title office, and
 - (c) the lender has advanced to the borrower part of the principal amount.
- (14) The lender may deduct from any advances of the principal amount
 - (a) any taxes that are due,
 - (b) any interest that is due and payable to the date of the advance,
 - (c) the legal fees and disbursements to prepare and register this mortgage including other necessary steps to advance and secure the mortgage money and to report to the lender, and
 - (d) any insurance premium.
- (15) The lender's right of consolidation applies to this mortgage and to any other mortgages given by the borrower to the lender. This means that if the borrower has mortgaged other property to the lender the borrower will not have the right, after default, to pay off this mortgage or any mortgage of other property unless the borrower pays the lender all money owed by the borrower under this mortgage and all of the mortgages of other property.

DEFAULTS

7. (1) A default occurs under this mortgage if
 - (a) the borrower breaks any of the borrower's promises and agreements,
 - (b) the borrower breaks any promise or agreement which the borrower has made to the lender in a mortgage of any other land or other property or in any other agreement the borrower has made with the lender even though the borrower may not have broken any of the borrower's promises and agreements,
 - (c) the borrower becomes bankrupt,
 - (d) the land is abandoned or is left unoccupied for 30 or more consecutive days,
 - (e) the land or any part of it is expropriated,
 - (f) the borrower sells or agrees to sell all or any part of the land or if the borrower leases it or any part of it without prior written consent of the lender,
 - (g) the borrower gives another mortgage of the land to someone other than the lender without the prior written consent of the lender,

- (h) the borrower does not discharge any judgment registered in the land title office against the land within 30 days after receiving notice of its registration, or
 - (i) the borrower allows any claim of builder's lien to remain undischarged on title to the land for more than 30 days unless the borrower
 - (i) diligently disputes the validity of the claim by taking all necessary legal steps to do so;
 - (ii) given reasonable security to the lender to pay the claim in full if it is found to be valid, and
 - (iii) authorizes the lender to use the security to pay the lien in full.
- (2) 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 borrower and the lender.

CONSEQUENCES OF A DEFAULT

8. (1) If a default occurs, all the mortgage money then owing to the lender will, if the lender chooses, at once become due and payable.
- (2) If a default occurs the lender may, in any order that the lender chooses, do any one or more of the following:
- (a) demand payment of all the mortgage money;
 - (b) sue the borrower for the amount of money due;
 - (c) take proceedings and any other legal steps to compel the borrower to keep the borrower's promises and agreements;
 - (d) enter upon and take possession of the land;
 - (e) sell the land and other property by public auction or private sale, or lease the land on terms decided by the lender
 - (i) on 30 days notice to the borrower if the default has continued for 30 days, or
 - (ii) without notice to the borrower if the default has continued 60 days or more;
 - (f) apply to the court for an order that the land be sold on the terms approved by the court
 - (g) apply to the court to foreclose the borrower's interest in the land so that when the court makes its final order of foreclosure the borrower's interest in the land will be absolutely vested in and belong to the lender;
 - (h) appoint a receiver of the land;
 - (i) enter upon and take possession of the land without the permission of anyone and make any arrangements the lender considers necessary to
 - (i) inspect, lease, collect rents or manage the land,
 - (ii) complete the construction of any building on the land, and
 - (iii) repair any building on the land;
 - (j) take whatever action is necessary to take, recover and keep possession of the land.

- (3) Nothing in subsection (2) affects the jurisdiction of the court.
- (4) If the lender sells the land by public auction or by private sale the lender will use the amount received from the sale to pay
 - (a) any real estate agent's commission,
 - (b) all adjustments usually made on the sale of land,
 - (c) all of the lender's expenses and costs described in subsection (6), and
 - (d) the mortgage money and will pay any surplus
 - (e) according to an order of the court if the land is sold by an order of the court, or
 - (f) to the borrower if the land is sold other than by an order of the court.
- (5) If the money available to pay the mortgage after payment of the commission, adjustments and expenses referred to in subsection (4)(a) to (c) is not sufficient to pay all the mortgage money, the borrower will pay to the lender on demand the amount of the deficiency.
- (6) The borrower will pay to the lender on demand all expenses and costs incurred by the lender in enforcing this mortgage. These expenses and costs include the lender's cost of taking and keeping possession of the land, the cost of the time and services of the lender or the lender's employees for so doing, the lender's legal fees and disbursements on a solicitor and 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 lender to protect the lender's interest under this mortgage. These expenses and costs will be added to the principal amount, be payable on demand and bear interest until they are fully paid.
- (7) If the lender obtains judgment against the borrower as a result of a default, the remedies described in subsection (2) may continue to be used by the lender to compel the borrower to perform the borrower's promises and agreements. The lender will continue to be entitled to receive interest on the mortgage money until the judgment is paid in full.
- (8) If the lender does not exercise any of the lender's rights on the happening of a default or does not ask the borrower to cure it, the lender is not prevented from later compelling the borrower 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.

CONSTRUCTION OF BUILDINGS OR IMPROVEMENTS

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

LEASEHOLD MORTGAGE

10. (1) This section applies if the interest mortgaged shown in the mortgage form is or includes a leasehold interest.
- (2) The borrower represents to the lender that

- (a) the lease is owned by the borrowers subject only to those charges and encumbrances that are registered in the land title office at the time the borrower signs the mortgage form,
 - (b) the lease is in good standing,
 - (c) the borrower has complied with all the borrower's promises and agreements contained in the lease,
 - (d) the borrower has paid all rent that is due and payable under the lease,
 - (e) the lease is not in default, and
 - (f) the borrower has the right to mortgage the lease to the lender,
- (3) The borrower will
- (a) comply with the lease and not do anything that would cause the lease to be terminated
 - (b) immediately give to the lender a copy of any notice or request received from the landlord,
 - (c) immediately notify the lender if the landlord advises the borrower of the landlord's intention to terminate the lease before the term expires, and
 - (d) sign any other document the lender requires to ensure that any greater interest in the land that is acquired by the borrower is charged by this mortgage.
- (4) Any default under the lease is a default under this mortgage.
- (5) The borrower promises the lender that the borrower will not, without first obtaining the written consent of the lender,
- (a) surrender or terminate the lease, or
 - (b) agree to change the terms of the lease.
- (6) The lender may perform any promise or agreement of the borrower under the lease.
- (7) Nothing done by the lender under this section will make the lender a mortgagee in possession.
11. (1) The borrower appoints both the lender and any agent of the lender as the borrower's attorney to appoint a receiver of the land.
- (2) The lender or the lender's agent may, if any default happens, appoint a receiver of the land and the receiver
- (a) will be the borrower's agent and the borrower will be solely responsible for the receiver's acts or omissions,
 - (b) has power, either in the borrower's name or in the name of the lender, to demand, recover and receive income from the land and start and carry on any action or court proceeding to collect that income,
 - (c) may give receipts for income which the receiver receives,
 - (d) may carry on any business which the borrower conducted on the land,
 - (e) may lease or sublease the land or any part of it on terms and conditions that the receiver chooses,
 - (f) may complete the construction of or repaid any building or improvement on the land,
 - (g) may take possession of all or part of the land,
 - (h) may manage the land and maintain it in good condition,
 - (i) has the power to perform, in whole or in part, the borrower's promises and agreements, and
 - (j) 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 borrower's business on the land.
- (3) From income received the receiver may do any of the following in any order the receiver chooses:

- (a) retain a commission of 5% of the gross income or any higher commission approved by the court;
 - (b) retain enough money to pay or recover the cost to collect the income and to cover other disbursements;
 - (c) 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 any steps to preserve the land from damage by weather, vandalism or any other cause;
 - (d) pay any money that might, if not paid, result in a default under any charge or encumbrance having priority over this mortgage or that might result in the sale of the land if not paid;
 - (e) pay taxes in connection with anything the receiver is entitled to do under this mortgage;
 - (f) pay interest to the lender that is due and payable;
 - (g) pay all or part of the principal amount to the lender whether or not it is due and payable;
 - (h) pay any other money owed by the borrower under this mortgage;
 - (i) pay insurance premiums;
- (4) The receiver may borrow money for the purpose of doing anything the receiver is authorized to do.
 - (5) Any money borrowed by the receiver, and any interest charged on that money and all costs of borrowing, will be added to and be part of the mortgage money.
 - (6) A receiver appointed by the lender may be removed by the lender and the lender may appoint another in the receiver's place.
 - (7) The commission and disbursements of the receiver will be a charge on the land and will bear interest at the interest rate.
 - (8) Nothing done by the receiver under this section will made the lender a mortgagee in possession.

STRATA LOT PROVISIONS

- 12. (1) This section applies if the land described in the mortgage form is or becomes a strata lot created under the Condominium Act.
- (2) The borrower will fulfil all of the borrower's obligations as a strata lot owner under the Condominium Act and the bylaws, rules and regulations of the strata corporation and will pay all money owed by the borrower to the strata corporation.
- (3) The borrower gives to the lender the right to vote for the borrower under the bylaws of the strata corporation, but the lender is not required to do so or to attend or vote at any meeting or to protect the borrower's interest.
- (4) At the request of the lender, the borrower will give the lender copies of all notices, financial statements and other documents given by the strata corporation to the borrower.
- (5) The borrower appoints the lender to be the borrower's agent to inspect or obtain copies of any records or other documents of the strata corporation that the borrower is entitled to inspect or obtain.
- (6) If the strata corporation transfers, charges or adds to the common property, or amends its bylaws without the consent of the lender, and if, in the lender's opinion, the value of the land is reduced, the mortgage money shall, at the lender's option, immediately become due and payable to the lender on demand.
- (7) Nothing done by the lender under this section will make the lender a mortgagee in possession.

SUBDIVISION

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

CURRENT AND RUNNING ACCOUNT

14. If the mortgage form states that this mortgage secures a current or running account, the lender may, on one or more occasions, advance and readvance all or part of the principal amount and this mortgage
- (a) will be security for payment of the principal amount as advanced and readvanced and for all other money payable to the lender under this mortgage,
 - (b) will not be considered to have been redeemed only because
 - (i) the advances and readvances made to the borrower have been repaid, or
 - (ii) the accounts of the borrower with the lender cease to be in debt, and
 - (c) remains effective security for further advances and readvances until the borrower had received a discharge of this mortgage.

COVENANTOR'S PROMISES AND AGREEMENTS

15. (1) As the lender would not have agreed to lend the principal amount to the borrower without the promises of the covenantor and in consideration of the lender advancing all or part of the principal amount to the borrower at the request of the covenantor, the covenantor promises
- (a) to pay all the mortgage money when due, and
 - (b) to keep and perform all the borrower's promises and agreements.
- (2) The covenantor agrees that, with or without notice, the following shall in no way affect any of the promises of the covenantor or the liability of the covenantor to the lender:
- (a) a discharge of the land or any part of the land from this mortgage;
 - (b) any disregard or waiver of a default;
 - (c) the giving of extra time to the borrower to
 - (i) do something that the borrower has agreed to do, or
 - (ii) cure a default;
 - (d) any other dealing between the borrower and the lender that concerns this mortgage or the land.
- (3) All the covenantor's promises shall be binding on the covenantor until all the mortgage money is fully

paid to the lender.

- (4) The covenantor is a primary debtor to the same extent as if the covenantor had signed this mortgage as a borrower and is not merely a guarantor or surety, and the covenantor's promises and agreements are joint and several with the borrower's promises and agreements. This means that the covenantor and the borrower are both liable to perform all the borrower's promises and agreements.
- (5) If more than one person signs the mortgage form as covenantor, the promises are both joint and several.

GENERAL

16. (1) This mortgage binds the borrower and the covenantor and their successors, executors, administrators and assigns.
- (2) Each person who signs this mortgage as a borrower is jointly and severally liable for all the borrower's promises and agreements as though each such borrower had been the only borrower to sign.
- (3) If any part of this mortgage is not enforceable all other parts will remain in effect and be enforceable against the borrower and any covenantor.

END OF SET