

Registration in Land Register Required

On this .....  
day of .....

Before M<sup>trc</sup> ....., the  
undersigned Notary for the Province of Quebec practising in the .....

APPEARED:

.....  
.....  
(hereinafter referred to as the "Borrower")

.....  
.....  
(hereinafter referred to as the "Co-Borrower Non-owner")

DEED OF LOAN  
AND HYPOTHEC

Minute N<sup>o</sup>: .....

AND:

**Computershare Trust Company of Canada, a trust company organized under the laws of Canada, having its head office at 100 University Avenue, 12<sup>th</sup> floor, Toronto, Ontario, M5J 2Y1,** herein acting and represented by ....., its ....., and by ....., its ....., duly authorized for the purpose hereof as they so declare.

(hereinafter referred to as the "Lender")

Notice of address registered as follows:

<u>Registration Division</u>	<u>Number</u>
.....	6014 036

WHO HAVE AGREED AS FOLLOWS :

1. LOAN AGREEMENT

a) Subject to the terms and conditions set forth in the approval of loan dated ....., and delivered to the Borrower by the Lender, the Lender agrees to lend the Borrower the sum of ..... dollars (\$.....) (the "Principal") in lawful Canadian currency (including any amendment, extension, renewal or replacement thereof, the "Loan"). In this Deed of Loan, the expression "Indebtedness" means all debts and obligations present and future

of the Borrower to the Lender in respect of and in connection with the Loan, including principal, interest and any other amount that may be owed to the Lender by the Borrower under the terms of this Deed.

- b) If the proceeds of the Loan referred to in clause 1(a) are intended for the construction of a building on the Property (as defined hereunder), the Borrower, prior to the date of the first Instalment Payment Date (as defined hereunder), shall complete the building on the Property, with its dependencies and appurtenances, and shall install therein and pay for all fixtures and equipment called for in the plans and specifications submitted to the Lender. The Borrower shall execute such work in a proper and workmanlike manner with reasonable dispatch and strictly in accordance with such plans and specifications. Should the Borrower fail to pay for any fixtures or equipment installed as stipulated herein, the Lender shall be entitled to do so at the Borrower's expense.
- c) If, in the opinion of the Lender, the Borrower fails in any respect to perform any of the undertakings stipulated in clause 1(b), the Lender shall thereupon have the right to enter into such contracts and make such arrangements as it deems expedient for the completion of the building with its dependencies and appurtenances and the installation of such fixtures and equipment, and from time to time pay the amounts owing to builders, suppliers and other persons, all at the Borrower's expense.

2. **FIXED INTEREST RATE (Applicable only to Fixed Rate Hypothecs)**

a) Interest Rate

Interest payable on the Principal balance shall be calculated at an annual rate of ..... percent (.....%) per annum, calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period commencing on the interest adjustment date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment, until the loan amount has been paid in full.

3. **ADJUSTABLE RATE LOAN (Applicable only to Adjustable Rate Hypothecs)**

a) Interest Rate

i) The interest rate payable by the Borrower under the Loan is an adjustable rate which will automatically be adjusted monthly, with the first adjustment occurring on the first day of the month following the interest adjustment date (every day on which an adjustment is made is referred to herein as an "adjustment date") and on the first day of each month thereafter. On each adjustment date, the interest payable for the next monthly period will equal the Prime Rate less or plus (*Notary: delete inapplicable term*) ..... percent (.....%) per annum provided the Loan is not in default. The interest rate will change on each adjustment date to reflect changes in the Prime Rate without any notice to the Borrower. Within a reasonable time after each change in the interest rate, the Lender may mail to the Borrower, at his last known address according to the Lender's records, a notice of the changed interest rate and its effective date. The interest rate will vary in accordance with this paragraph even if the Lender fails to send this notice or the Borrower fails to receive it.

ii) For the purposes of this paragraph 3(a)(i), the term "Prime Rate", means on any day, the annual rate of interest which Macquarie Financial Ltd establishes at its principal office in Toronto as the reference rate of interest to determine interest rates it will charge on such day for hypothecary loans in Canadian dollars made to its customers in Canada and which it refers to as its "prime rate of interest". The Prime Rate in effect at any time is available by visiting the internet website set out in the loan commitment.

iii) The interest rate on this Loan is calculated monthly not in advance and payable monthly as herein set forth, as well as before maturity and both before and after default.

b) Payment Amount

The amount of the monthly payment as at the date of advance of funds is set out at an amortization period which the Borrower has agreed to, which is based upon the current interest rate for a fixed three or five year term. The amount of the monthly payment will be fixed for the term of the Loan. If the amount of any monthly installment paid by the Borrower is insufficient to pay the interest accrued under the Loan at the time such installment is paid, the accrued interest which remains unpaid shall itself bear interest (which is referred to as compound interest) at the adjustable loan rate until paid. In those instances where, due to a change in the adjustable loan rate, the monthly installments of principal and interest paid by the Borrower are less than the actual amounts owed by the Borrower, the Lender may notify the Borrower of the amount of such excess and the Borrower shall, at the Lender's request, pay the Lender an amount equivalent to such excess. The Lender shall also have the right to increase the Borrower's monthly installments for the remainder of the term of the Loan to an amount determined by the Lender to cover further fluctuations in the adjustable loan rate.

c) Conversion

The Borrower, when never having been in default under the terms of this Deed of Loan shall have the option at any time during the initial term of this Loan, of converting to a three (3), five (5), seven (7) or ten (10) year closed term loan, which must be equal to or greater than the remaining term. The Loan will be converted to the term chosen by the Borrower upon receipt of a written request made by the Borrower and delivered the Lender in accordance with Section IV of the Schedule forming part of this Deed of Loan. The interest rate for the converted loan shall be the Lender's prevailing posted interest rate in effect on the date the written request for conversion is received by the Lender. The conversion to a fixed rate loan will take effect on the next adjustment date applicable under the loan and receipt by the Lender of the request of conversion to a fixed term.

4. **COMPOUND INTEREST**

If the Borrower does not make the regular loan payment or other payments when required by this Deed of Loan, the Lender will charge interest, at the rate provided for in this Deed of Loan (called "compound interest") both before and after the balance due date set out in the Deed of Loan, default and judgment on all overdue amounts (including interest). The Borrower must pay this additional interest immediately when required by the Lender, both before and after the balance due date, default and judgment.

5. **PROVISIONS REGARDING ALTERNATE PAYMENT FREQUENCIES**

Notwithstanding the monthly payment dates set out elsewhere in this Deed of Loan, in the event the Borrower elects to make payments more frequently as permitted, the following provisions shall apply:

a) If the Borrower elects a **Weekly Payment Schedule** the Borrower shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/4 of the regular monthly installment, payable on the 7th day following the interest adjustment date and on every 7th day thereafter.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in this Deed of Loan.

In addition to other rights and remedies available to the Lender, if at any time the Borrower is in default in the payment of an amount which equals or exceeds two (2) weekly payments, this provision shall automatically cease to apply and all amounts payable under the Deed of Loan shall be paid when required by the other terms of this Deed of Loan.

b) If the Borrower elects a **Bi-Weekly Payment Schedule** the Borrower shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/2 of the regular monthly installment, payable on the 14th day following the interest adjustment date and on every 14th day thereafter.



iv) Accrued interest on progress advances, if this is a building loan, up to the interest adjustment date established for the initial term of the Loan, shall be calculated daily and charged monthly, and may without adjustment be retained out of the proceeds of each subsequent advance of the Loan. Where more than 30 days elapses between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the loan, will be deducted from the last substantial advance.

c) Regular Payments

The Borrower will make regular payments of principal and interest to the Lender on the payment dates and in the amount specified in paragraph 6(b)(iii) starting with the first payment date until and including the balance due date. The Borrower will pay the outstanding balance of the loan amount on the balance due date as set out in paragraph 6(b)(iii).

d) Payment Provisions on Default

If the Borrower fails to make any payment or does not meet any of his other obligations under this Deed of Loan, the Borrower must immediately pay to the Lender all outstanding arrears. The Lender may, at its discretion, require the Borrower to make all following payments of principal and interest and taxes and life insurance premiums (if applicable) on a monthly basis.

In such an event, the Lender may require the Borrower to pay interest to the first day of the following month within 15 days of notice from the Lender, which will be added to the loan amount if the Borrower does not do so. The Lender may also use any of its rights set forth in paragraph 17.

e) Bank Account for Payments

The Borrower must maintain an account of a type satisfactory to the Lender with a branch of a bank, trust company or credit union and provide an authorization in a form satisfactory to the Lender to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. The Borrower must make sure that the account always contains sufficient funds to make each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under this Deed of Loan. The Borrower agrees to pay to the Lender its then processing fees for any actions which the Lender has to take under this paragraph 6.

When the term of the Loan expires, if an amount exceeding the amount of a regular instalment is still owing, the Lender may not demand payment until thirty (30) days after giving the Borrower notice of its intention, unless the Borrower is in default. This paragraph applies only if the Property consists of no more than four (4) dwelling units and if the hypothec granted hereunder is not a first ranking hypothec.

7. **ALLOCATION OF AMOUNTS RECEIVED**

Each of the Borrower's regular payments will be used in the following order: a) to pay collection expenses, if any; b) to pay life insurance premium, if any; c) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of this Deed of Loan, including tax accounts (the "escrow accounts"); d) to pay interest or reduce the interest on the principal amount accumulated to but not including the payment date; and e) to reduce the principal amount. However, if the Borrower does not meet any of its obligations under this Deed of Loan the Lender may apply the Borrower's payment or any other money received by the Lender towards any part of the outstanding loan amount the Lender, at its discretion, chooses.

8. **BORROWER'S PREPAYMENT RIGHTS (Applicable to All Hypothecs)**

This Loan is closed. However, when not in default of any of the terms, covenants, conditions or provisions contained in this Deed of Loan, the Borrower shall have the following privileges for payment of extra principal amounts:

- a) During each calendar year following the advance of funds the Borrower may, without penalty:
  - i) make prepayments totaling up to twenty percent (20%) of the original principal amount of the Loan;
  - ii) increase the monthly payment by a total up to twenty percent (20%) of the then current monthly payment;

These privileges shall not be cumulative and do not apply if the Borrower is prepaying more than twenty percent (20%) of the original principal amount of the Loan, even if the Borrower has not used the privilege in the calendar year in which the prepayment is made.

- b) At the Lender's option, the Borrower may prepay the loan at any time upon payment of a penalty equal to the GREATER of:
  - i) the interest differential based on the difference between the current interest rate of the Loan and the yield of a Canada Bond with the same remaining term, calculated over the term remaining on the Loan, all as determined by the Lender at its sole discretion; or
  - ii) three (3) months interest penalty calculated at the current interest rate of the Loan.

9. **HYPOTHECS OR PRIOR CLAIMS**

From the time the Lender has an obligation to grant the Loan, and until the Borrower has repaid in full and performed all the Borrower's obligations hereunder, the Borrower may not at any time, directly or indirectly without the prior written consent of the Lender, create, assume, incur or permit the existence on the Hypothecated Property (as defined hereunder) of any prior claim, hypothec or charge of any kind whatsoever, ranking equal or prior to the hypothec granted hereunder. If, at any time, while any part of the Principal or interest remains unpaid, any hypothec or charge is registered against the Hypothecated Property or any action is taken to preserve such hypothec or charge, within ten (10) days, the Borrower shall free the Hypothecated Property from such hypothec or charge, and, to that end, the Lender shall have the right to pay the claim or free the Hypothecated Property of the hypothec or charge without prejudice to any other right of the Lender.

10. **HYPOTHEC**

To secure the performance of its obligations under the terms of the Loan and this Deed of Loan, the Borrower hypothecates in favour of the Lender from this date the following properties to the extent of the following sum:

.....  
.....

dollars (\$.....)  
in lawful Canadian currency (the "Capital"); with interest thereon, from the date hereof, at the rate of twenty-five percent (25%) per annum calculated half-yearly not in advance.

- a) The property or properties described in Section I of the Schedule forming part hereof;
- b) all corporeal and incorporeal property which, with respect to the Property, are covered by any of Articles 901 through 904 of the *Civil Code of Québec* (including all present and future constructions and works of a permanent nature, dependencies, accessions and appurtenances), as well as all present and future movable property that is incorporated, loses its individuality and ensures the utility of the Property and equipment that ensures the utility of the Property and is permanently physically attached or joined to the Property without losing its

individuality or being incorporated (hereafter collectively referred to as the “Equipment”); and

- c) all rents, revenues and claims (hereinafter collectively referred to as the “Rents”) that are or shall become payable under all present and future leases related to the Property or any part thereof, including amounts payable for any rights of emphyteusis, use or occupation in whole or in part; and
- d) all present and future indemnities paid or payable under insurance contracts covering the Property, the Equipment and any of the Rents (hereafter collectively referred to as the “Insurance Indemnities”).

In this Deed, the expression “Property” refers collectively to the property set out or referred to in clauses 11(a) and 11(b) above and the expression “Hypothecary Property” means the Property, Equipment, Rents and Insurance Indemnities collectively.

11. **ADDITIONAL HYPOTHEC**

The Borrower grants to the Lender an additional hypothec on the hypothecated property for an amount equal to twenty percent (20%) of the capital in order to secure the payment of all amounts due to the Lender under the Loan and this Deed of Loan and which are not secured by the principal hypothecs.

12. **DECLARATIONS**

The Borrower declares and certifies to the Lender that:

- a) no taxes, including without limitation, assessments, rates, duties or charge, general or special, levied on the Hypothecated Property or the Borrower by any federal, provincial, municipal, ecclesiastical, school or urban community authority (hereinafter referred to as “Taxes”) are unpaid and overdue, consolidated or paid with subrogation;
- b) subject to clause 1(b), no repairs, alterations, renovations or construction have been carried out on the Property within the past six (6) months without being paid in full;
- c) no Equipment or appliance attached to the Property (including in particular elevators, electric and household appliances, and heating, air-conditioning, ventilation or maintenance systems) is encumbered with any prior claim, hypothec, instalment sales contract, sale with right of redemption or any other right; all such Equipment and appliances belong outright to the Borrower and form an integral part of the Property, have lost their individuality and ensure the usefulness of the Property or are permanently attached and physically joined to the Property and ensure its usefulness;
- d) the Property, constructions and works erected thereon belong outright to the Borrower by good and valid title, Rents have not been assigned or hypothecated to any third party and the Hypothecated Property is free of all charges, prior claims, hypothecs, rights or other encumbrances, including legal hypothecs of a syndicate of co-owners or legal construction hypothec, of any kind whatsoever, except, if applicable, those indicated in Section II of the Schedule hereto;
- e) the Hypothecated Property is not affected by any servitude or illegal view that has not been amended by a duly registered agreement, except those indicated in Section II of the Schedule forming part hereof;
- f) if the Borrower has acquired the Property and construction and works of a permanent nature erected thereon by deed of sale by mutual agreement, such deed of sale contains no resolatory clause of any kind whatsoever;
- g) neither the Borrower, nor anyone else to the Borrower’s knowledge, has placed, stored, buried or disposed of any Toxic Materials on the Property, and to the best of the Borrower’s knowledge and belief, after reasonable enquiry and investigation, no part of the Property or any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and no part of the Property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of the Property. The Lender may, but is not obligated to, require the Borrower, at the Borrower’s expense, to obtain an environmental audit of all or any part of the Property, which environmental audit shall be satisfactory to the Lender, but such audit does not relieve the Borrower from the Borrower’s obligation under this clause.

In this Deed, the expression "Toxic Materials" means both (a) any pollutant or contaminant within the meaning *Environment Quality Act* (Quebec) and its regulations and (b) any toxic substance within the meaning of the *Canadian Environmental Protection Act* and its regulations.

- h) execution of this document, performance of its obligations and observance of the provisions hereof will not entail any violation or default under the terms of any other deed or document setting forth or securing other debts contracted by the Borrower, nor enter into conflict with such other deed or document; and
- i) the current civil status of the Borrower is correctly described in Section III of the Schedule hereto.
- j) the Property is not used by the Borrower as its family residence within the meaning of Article 401 and following of the *Civil Code of Quebec* and no declaration of family residence has been signed by the Borrower.

TO THE NOTARY:  
delete the paragraph (j) not applicable.

[OR]

the Property is used by the Borrower as its family residence within the meaning of Article 401 and following of the *Civil Code of Québec* and a declaration of family residence has been signed by the Borrower and registered at the Land Registry Office for the Registration division of .....  
.....  
under number .....

13. **OBLIGATIONS**

The Borrower undertakes to:

- a) inform the Lender without delay in writing of any change in the contents of the declarations made in clause 11;
- b) insure any construction and works of a permanent nature and their accessions and dependencies located on or constituting the Property and all other Hypothecated Property and keep them constantly insured at least for their replacement value against any loss or damage by theft, fire, vandalism or any other hazard which in the opinion of the Lender should be covered by insurance. The policies evidencing such insurance shall specifically forsake the proportional rule in case of partial loss and shall afford the Lender the benefit of a hypothecary clause in the form approved by the Insurance Bureau of Canada for use in the Province of Quebec. Policies shall contain no co-insurance clause and shall provide that they cannot be cancelled unless the insurer notifies the Lender in writing thirty (30) days in advance. The Borrower shall immediately deliver to the Lender evidence that such insurance is in effect and that the insurer has been notified of the Lender's rights. At least fifteen (15) days prior to the expiry of a policy, the Borrower shall deliver to the Lender evidence of its renewal or replacement. Every insurance policy shall be contracted in such terms and with such insurer as may be approved by the Lender. Every insurance policy shall stipulate that all indemnities shall be payable to the Lender as irrevocable beneficiary, but receipt by the latter of insurance indemnities shall not have the effect of reducing the Indebtedness unless the Lender expressly imputes them to the payment of a specific amount, and up to the amount of such indemnities. The Lender may make any arrangement, compromise or transaction with the insurers. It shall receive the indemnity directly from the insurers up to the amount owed to it without the intervention of the Borrower. The Borrower or the holder of the Property shall settle in advance the indemnity deposited in the hands of the Lender. Should the Borrower fail to comply with the provisions herein, the Lender may, at the Borrower's expense, take out the insurance it deems appropriate. Should it be impossible to insure the Property, the Lender may insure its claim against the consequences of a loss, at the Borrower's expense, at any interest rate equal to the rate applicable to the Loan.

At the Lender's request, the Borrower binds itself to subscribe for and maintain in force insurance against break-down of the Equipment for an amount equivalent to the Equipment's replacement value (or for a lesser amount agreed to by the Lender), as well as insurance covering operating losses and the loss of Rents to the satisfaction of the Lender, for a coverage period of at least twelve (12) months and for an amount equal to at least one hundred percent (100%) of the gross income for the Property, and finally civil liability insurance in an amount acceptable to the Lender;

If the Hypothecated Property includes a condominium unit, the Borrower shall cause the applicable syndicate of co-owners to comply with all provisions of the applicable policy, observe and perform all duties and obligations imposed by

statute or by the applicable declaration of co-ownership and by-laws and, without limitation, comply with all the insurance provisions of the said declaration and the Borrower, as a member of such syndicate of co-owners, shall seek full compliance by such syndicate of co-owners with all such covenants;

- c) pay all legal fees and expenses, all costs, if any, relating hereto, including expenses for the registration, renewal, cancellation, discharge and release of the hypothec granted hereunder, as well as processing, inspection, closing, document verification, and other costs relating to renewal titles, notice of address, subrogations, appraisals, surveys, and obtaining registered copies of summaries of this Deed. Any discharge, cancellation, or reduction granted by the Lender shall be deemed to be accepted without representation or other warranty on the part of the Lender. The Borrower shall also be accountable from time to time and on demand for all judicial and extra-judicial fees and costs incurred by the Lender for recovery of any part of the Indebtedness that is unpaid on the due date, as well as for the realization of the hypothec granted hereunder;
- d) subject to clause 14, pay all Taxes that may from time to time be imposed on the Hypothecated Property or on the Borrower, or encumber the Hypothecated Property. No Taxes shall be consolidated or paid with subrogation in favour of third parties;
- e) obey all laws and regulations related to protection of the environment, whether they be federal, provincial or municipal. In particular, the Borrower agrees to:
  - i) obtain, where necessary, any certificate of authorization, permit, or attestation issued under such laws and regulations, and provide the Lender, upon request, with copies of the applications submitted to the authorities and copies of said certificates, permits or attestations;
  - ii) take the necessary steps to keep the Hypothecated Property in compliance with the standards set by such laws and regulations at all times and submit to the Lender, upon request, any certificate of conformity that may be issued in this respect;
  - iii) deliver to the Lender within two (2) days any notice, notice of non-compliance, *mise en demeure* (demand letter), complaint or order issued by any government, municipal, judicial, quasi-judicial, administrative or private agency relating to a violation, non-compliance, liability, by or of the Borrower, of, with or under any law, by-law or order;
  - iv) take the necessary steps immediately to correct the default and/or obtain the cancelling of their registration against the Hypothecated Property, as the case may be;
  - v) notify the Lender as soon as a civil or criminal case is brought against the Borrower as a result of the failure to comply with environmental obligations.
- f) pay any claim that might rank prior to the hypothec granted herein when such claim falls due;
- g) notify the Lender of any legal hypothec within (5) days of becoming aware of its publication and take all actions necessary to obtain the discharge of such legal hypothec within (30) thirty days;
- h) to obtain a renunciation to a legal hypothec in compliance with the form provided by the Lender, from all persons who are likely to register a hypothec by reason of the work requested by the owner of the Property or by reason of the materials or services that they supplied or prepared for such work;
- i) pay, no later than forty-five (45) days after their mailing, all electricity and natural gas bills the Borrower may receive;
- j) maintain the Hypothecated Property in good condition, not to destroy, damage or remove the Property in whole or in part, to prevent any use of the Hypothecated Property that might diminish its value and, subject to paragraph (q) herein at the Borrower's expense, make all necessary repairs and prevent the Hypothecated Property from being used in such a fashion as to reduce its value, and enable the Lender's representatives to inspect it at any reasonable time;
- k) shall not allow the Property to remain unoccupied or unused;

- l) carry out any act and sign any document required to give full effect to the hypothec granted herein and ensure that it can at all times be set up against third parties. In particular, at the demand of the Lender, the Borrower shall sign any notice of renewal;
- m) not change the use or destination of the Hypothecated Property unless having obtained the prior written consent of the Lender. The Borrower shall maintain the Hypothecated Property free of any right, hypothec or security except those to which the Lender has prior thereto agreed in writing. The Borrower shall not rent the Hypothecated Property or part of it on terms and conditions lower than those of the market without the prior written consent of the Lender;
- n) not repair, except to the extent provided for in paragraphs (i) and (q) of this clause, demolish, alter, renovate or build on the Hypothecated Property, without the prior written consent of the Lender;
- o) not to subject the Hypothecated Property to any real rights without the Lender's prior written consent;
- p) indemnify the Lender and its officers, directors, employees, shareholders, and agents for any loss, damage, expenses and claims of any kind whatsoever relating to the Hypothecated Property, the Loan, or this Deed of Loan, in particular: (i) the costs incurred for a defence, counterclaim or cross action against third parties; and (ii) the costs or damages stemming from the settlement, with or without the consent of the Borrower, of a judicial action involving the Lender that the Borrower may incur or that may be claimed, directly or indirectly, because of a leak, spill, discharge, processing, dispersal or presence of Toxic Materials from the Property on land, in the atmosphere, in a water course or in any other place. This obligation of the Borrower shall subsist even after final payment of the Indebtedness to the Lender;
- q) provide the Lender with any information the Lender might reasonably request with respect to the Hypothecated Property or to verify whether the Borrower is complying with his undertakings and obligations hereunder. On reasonable request, the Borrower shall provide the Lender with a recent certificate of location addressed to the Lender. The Borrower shall inform the Lender of any fact or event likely to have an adverse effect on the value of the Hypothecated Property or the financial situation of the Borrower;
- r) keep the Equipment in good operating order at all times, except with regard to normal wear and deterioration, and, if the Equipment is destroyed or damaged in any manner whatsoever, the Borrower shall immediately see to its repair or replacement at the Borrower's own expense;
- s) not to allow any assignment of any leases present and future in favour of third parties;
- t) permit the Lender, at any reasonable time in the circumstances and at the expense of the Borrower, to examine, inspect or evaluate the Hypothecated Property, allow access to the Hypothecated Property and provide at no cost to the Lender any further information which the latter may reasonably request from time to time with respect to the Hypothecated Property or the financial condition of the Borrower, or for the purpose of determining if the Borrower is in compliance with the Borrower's obligations toward the Lender. The Borrower shall keep the books and accounts that a prudent administrator would maintain in relation to the Rents and permit the Lender to examine such documents and obtain copies; and
- u) not to remove, without the prior written consent of the Lender, any Equipment (including in particular the heating apparatus, air conditioning equipment, elevators, fixtures and all other accessories) installed in the Property. Any new object that shall be placed therein shall become irrevocably immovable and may not be removed without the written consent of the Lender.

#### 14. **TAXES**

Notwithstanding clause 13(d), the Lender shall prepare an estimate, which may be revised from time to time, of the amount of all Taxes, payable in respect of or constituting a charge on the Property and falling due in any twelve (12) month period and during the term of the Loan (that is, until such time as the Principal, interest and other sums that may become payable to the Lender under this Deed have been paid in full), the Borrower shall pay the Lender on the due date for each instalment provided for in clause 3 a *prorata* portion of the amount so estimated, to enable the Lender to have sufficient funds in hand to pay any such Taxes at least thirty (30) days before the due date for payment thereof. The

Lender shall not be bound in respect of the sums so held by the rules governing the administration of the property of others.

Notwithstanding the provisions of the preceding paragraph, it is agreed:

- a) that the Lender may deduct from the final advance of the Principal an amount sufficient to pay all Taxes which are then due or will become due and payable on or prior to the Interest Adjustment Date and which are unpaid at the date of such final advance;
- b) that if, on the date Taxes become payable, the total of the sums so accumulated and not otherwise applied is less than the amount of such Taxes, the Borrower shall, on demand, pay the Lender an additional sum equal to such deficiency.

The Lender shall not be obligated to pay any interest or other consideration on the moneys received pursuant to this clause. In the event of any default on the part of the Borrower, the Lender shall have the right to apply such sums, in whole or in part, in discharge of any amount owing to the Lender and the Lender undertakes that, when such Taxes fall due, and provided the Borrower is not in default, any sums so accumulated and not otherwise applied, shall be applied in payment thereof. In the event of any default on the part of the Borrower, the Lender may effect compensation between the sums owed by the Lender to the Borrower and the Indebtedness. If Taxes are payable in instalments, the Lender shall not be obliged to apply such moneys on account of Taxes more than once each calendar year.

The Borrower shall provide the Lender, as soon as available, with any notice of assessment, tax account, or other notice or communication respecting the assessment of Taxes. If the Borrower wishes to take advantage of any discount or avoid any penalty with respect to the payment of such Taxes, the Borrower may pay the Lender such additional amounts as are required for that purpose.

15. **ADDITIONAL PROVISIONS FOR HYPOTHECS ON RENT**

The Lender may, though it is not so obliged, directly or through a mandatary, recover Rents in accordance with the provisions of law, being understood that the Borrower undertakes to collaborate with the Lenders or its mandatary to facilitate the collection or recovery of Rents; it may also exercise the rights pertaining to Rents particularly under circumstances where the consent of the owner of the Rents is required, without obtaining the agreement of the Borrower, giving the Borrower notice or demonstrating that the Borrower has been negligent or has refused to exercise such rights.

The Lender hereby authorizes the Borrower to collect the Rents. The Borrower shall collect the Rents in a diligent and proficient manner and undertakes to follow, in this respect, all instructions given to the Borrower by the Lender. The Borrower also undertakes to notify the Lender forthwith of any problem in collecting the Rents. Such authorization may be withdrawn at any time by the Lender in accordance with applicable law and the Lender may impute the sums so collected at its absolute discretion, without being bound to follow the rules regarding imputation of payments, once the costs of any kind incurred for collection (including reasonable compensation for the Lender at the regular rates in effect) have been paid in full. The Lender may also but shall not be obligated to grant extensions, accept or discharge security, grant discharges and cancellations and deal with any matter relating to Rents at its discretion, without the intervention or consent of the Borrower; the Lender shall not be liable for material damage or injury caused through its fault, or that of its employees or mandatary, other than an intentional or gross fault, in the collection and recovery of Rents or its failure to collect Rents, and shall be under no obligation to notify the Borrower of any irregularity in the payment of Rents by the tenants. If, after the withdrawal of authorization as aforesaid, amounts payable as Rent were paid to the Borrower, the latter, without restricting the remedies of the Lender against tenants, shall receive such Rents as mandatary or depositary and deliver same to the Lender upon receipt.

The Lender may apply any amounts received by it towards payment of all or part of the amounts secured hereunder, even if not yet exigible, including any fees, costs or other expenses incurred by the Lender and secured hereunder and may impute and apply such amounts towards payment of any part or parts of the amounts secured hereunder as the Lender at its sole discretion shall decide, and may change any imputation or application as it sees fit, the whole subject to the provisions hereof as to application of Insurance Indemnities.

The Borrower undertakes to notify the Lender immediately of any Rents present or future, which hereafter are or become secured by a hypothec or guaranteed by

a third party in favour of the Borrower and to deliver to the Lender the leases or other documents now or hereafter constituting or evidencing the same.

16. **DEFAULT**

The hypothec granted hereunder shall become enforceable as soon as one of the following events takes place (individually, an “Event of Default”):

- a) if the Borrower does not pay all or part of the Indebtedness when such a payment is due and payable;
- b) if any one of the declarations set forth herein or any one of the declarations made by the Borrower in relation to obtaining or maintaining credit facilities prove to be false or misleading in any essential aspect;
- c) if the Hypothecated Property or any part thereof is subject to any measure of enforcement (including prior notice of exercise of a hypothecary right, seizure, proceeding in partition or any judicial proceeding which might affect the ownership of the Borrower or the rights of the Lender and withdrawal of authorization to collect claims) that is not withdrawn within ten (10) days, even if such measure is contested in good faith by the Borrower, unless, in the latter case, the Lender is satisfied that such measure will not have the effect of reducing or endangering the hypothec granted herein and the Borrower provides sufficient additional security in the opinion of the Lender to pay the full amount of such claim if it were to prove valid;
- d) if the Borrower sells, transfers, or otherwise alienates the Hypothecated Property in full or in part without the prior written consent of the Lender;
- e) if the Borrower or the Surety, if any, makes an assignment for the benefit of its creditors, or becomes subject to the provisions of the *Bankruptcy and Insolvency Act* (Canada) or any other legislation respecting bankruptcy or insolvency including the Companies’ Creditors Arrangements Act, or if any action is commenced or notice given with a view to rendering or declaring the Borrower or the Surety insolvent or bankrupt or with a view to liquidation;
- f) if a major adverse change or event should arise in the Borrower’s financial situation which, viewed in a comprehensive or consolidated fashion, constitutes in the reasonable opinion of the Lender a severe deterioration in the financial position or prospects of the Lender, which will be harmful or probably harmful to the ability of the Borrower to fulfil and faithfully perform any of the Borrower’s covenants or obligations to the Lender, and if within fifteen (15) days of a written notice sent by the Lender for such purpose, the Borrower has not remedied or undertaken satisfactory measures, in the opinion of the Lender, to remedy such situation;
- g) if the Borrower fails to perform any one of the obligations or undertakings herein or provided in the Loan or any obligation of the Borrower required by the law;
- h) if part or all of the Property is expropriated;
- i) if a petition is instituted or a judgement rendered in favour of a company distributing natural gas, electricity or other public utilities allowing such company to receive part of the Rents for non-payment;
- j) if the Lender receives from any present or future surety of all or any of the obligations a notice purporting to terminate or limit such surety’s liability under its surety;
- k) if the Lender discovers a defect in title to the immovable that significantly reduces the Lender’s security; or
- l) when the Borrower, the Surety or the Hypothecated Property is the object of a sequestration, liquidation, dissolution or similar order.

17. **SALE AND SUBSEQUENT PURCHASERS**

In the event of a partial or total alienation, sale, transfer or assignment of the Hypothecated Property by the Borrower or if the Borrower agrees to any such sale, transfer or assignment in favour of any party, without obtaining the prior written authorization of the Lender, the balance of the Principal, and the interest due and accrued thereon, the interest on such interest and any other sums, plus the compound interest that may be payable to the Lender hereunder, shall, at the Lender’s discretion, become immediately payable in full. Furthermore, the

Borrower shall pay, as an indemnity for the prepayment such amounts as provided for in clause 8. Any acceptance by the Lender of any payments made by one or more persons not given prior approval as purchasers by the Lender shall not be interpreted as any such prior approval nor as a waiver of the Lender's rights to demand payment in full of the sums owed by the Borrower. The Borrower shall pay the Lender any costs as established from time to time in consideration of the processing of each request for approval.

The Borrower shall provide the Lender with any written information enabling the Lender to determine whether the Lender should grant written approval and the Lender agrees to make a decision within a reasonable time, as soon as sufficient information is received. Prior written approval by the Lender shall not be unreasonably withheld. The Borrower agrees to deliver to the Lender, within the thirty (30) days following any sale, transfer or assignment of the Hypothecated Property, certified true copies of the contracts or documents in respect of the partial or total alienation, sale, transfer or assignment, and the accepted transfer of any insurance policies, or other documents the Lender may reasonably require.

18. **REMEDIES**

a) **Preliminary measures**

- i) If an Event of Default occurs, the Borrower loses the benefit of term and the Lender may terminate any obligation to grant credit or advances to the Borrower and may also declare exigible all the obligations of the Borrower that are not yet due, including the Indebtedness, interest and related costs and without any notice or demand by the Lender, the whole notwithstanding any provision to the contrary stipulated herein. The Borrower recognizes hereby that the declarations, undertakings and performance of all the obligations provided for herein constitute conditions in consideration of which the Lender has granted to the Borrower the benefit of term.
- ii) The Borrower agrees to voluntarily surrender and cause any other person in possession of the Hypothecated Property to surrender to the Lender the Hypothecated Property at the latter's demand whenever the Lender is entitled to receive such surrender, and the Borrower agrees not to oppose any act by the Lender to take the Hypothecated Property surrendered by the Borrower. The Borrower shall also diligently sign any documents and deeds of transfer necessary to surrender the Hypothecated Property to the Lender.

b) **Recourses of the Lender**

When there is a default, the Lender may, without notice;

- i) exercise its right to institute a personal action;
- ii) exercise the hypothecary rights permitted by law;
- iii) exercise any other right it possesses by virtue of this contract or by law;
- iv) take any other measure provided by law or this contract for the exercise of its right to have performance of the obligation; and

in all cases, the Lender is entitled to the payment of the costs incurred.

c) **Cumulative Rights**

The exercise by the Lender of any of its rights in virtue of this contract or by law does not preclude it from exercising any other rights which it possesses.

d) Exercise of Rights

Whatever the hypothecary right the Lender may choose to exercise, the following measures shall apply:

- i) for the purpose of protecting or realizing the value of the Hypothecated Property, at the Borrower's expense, the Lender may, without obligation:
  1. dispose of the Hypothecated Property if it is likely to depreciate rapidly or perish;
  2. use the information obtained when exercising its rights;
  3. perform any one of the Borrower's obligations;
  4. exercise any right pertaining to the Hypothecated Property;
  5. use the premises where the Property is located; and
  6. use, at the Borrower's expense, all or any part of the Hypothecated Property;
- ii) the Lender shall not be bound to render accounts to the Borrower except in accordance with the commercial practices and within the periods usually followed by the Lender, and the Lender shall not be bound to make an inventory, take out insurance or provide any other security and the Lender shall not be bound to make the Hypothecated Property productive or to conserve the same;
- iii) the Lender itself may, directly or indirectly, acquire the Hypothecated Property;
- iv) when exercising its rights, the Lender may waive any right to which the Borrower is entitled, even without consideration;
- v) in the event that the Lender withdraws its hypothecary or other rights against the Hypothecated Property, if the Hypothecated Property has been surrendered to the Lender, the Lender may, at its discretion, return the Hypothecated Property, or what remains thereof, to the Borrower, without express or tacit guarantee or representation, but without prejudice to its other rights or remedies.

Without restricting the hypothecary rights the Lender may exercise, if the Lender exercises the right of taking in payment and the Borrower, if the Borrower is so entitled, requires the Lender to proceed instead with the sale of the Hypothecated Property on which the Lender is exercising its right, the Borrower acknowledges that the Lender shall not be bound to abandon the remedy of taking in payment unless, before the delay granted for surrender expires, the Lender (i) has been given security it deems satisfactory to ensure that the sale shall be carried out at a price sufficiently high for the Lender's claim to be paid in full, (ii) has been reimbursed for the expenses incurred, and (iii) has been advanced the sums necessary for the sale of the Hypothecated Property.

If the Lender itself sells the Hypothecated Property, it shall not be required to obtain a prior evaluation from a third party.

The sale of the Hypothecated Property may be made without legal warranty on the part of the Lender or, as the Lender chooses, with total or partial exclusion of warranty.

The Borrower hereby recognizes that the Borrower's interests are best protected if the Lender acts in accordance with usual financial practices, depending on the circumstances.

19. **ADMINISTRATION BY THE LENDER**

- a) The Lender, if it administers the Hypothecated Property, may, without being obliged, among other things :
  - i) impute any amount received in accordance with the order provided in this contract;
  - ii) sign any lease, service contract, management contract or renewal, cancel or resiliate them and execute any deed on behalf of the Borrower;
  - iii) maintain, repair or renovate the Hypothecated Property, undertake or complete all construction work at the Borrower's expense;
  - iv) waive any right which belongs to the Borrower with or without consideration;
  - v) reimburse on behalf of the Borrower any third person with claims against the Hypothecated Property; and
  - vi) delegate to a person designated by the Lender the exercise of its rights, in whole or in part and is authorized to disclose to such person any information it may have about the Borrower, the Surety or the Hypothecated Property.
- b) The Lender, if it administers the Hypothecated Property, is moreover not obliged to:
  - i) conserve the destination or use of such property nor make it productive;
  - ii) make an inventory, take out insurance or provide security;

and shall not be held liable for dilapidation of the Hypothecated Property or for any loss whatsoever.

20. **SPECIAL CONDITIONS APPLICABLE TO DIVIDED CO-OWNERSHIP (if applicable)**

The following conditions are applicable when the hypothec granted herein charges a fraction of a property constituting a residential condominium unit.

a) **Declaration**

The Borrower declares and warrants that the Hypothecated Property described below is one of the private portions of an immovable property held in divided co-ownership in accordance with Article 1038 and following of the *Civil Code of Quebec*.

b) **Obligations**

The Borrower hereby undertakes to respect and observe all the conditions of this Deed of Loan, and comply with all the requirements of the law regarding divided co-ownership and any amendments thereto, the provisions of the Declaration of Co-Ownership registered at the Land Registry Office of ..... under number .....and any amendments thereto, and the management regulations and conditions applicable to the Hypothecated Property and any amendments thereto.

c) Voting Rights

The Borrower hereby assigns to the Lender all voting rights to which the Borrower is entitled under the terms and conditions of the above-mentioned Declaration of Co-Ownership and any amendments thereto. The Borrower undertakes to declare to the syndicate this assignment of voting rights. The Lender hereby appoints the Borrower its mandatary for the exercise of the aforesaid voting rights. This appointment may be revoked entirely at the discretion of the Lender.

The Borrower undertakes to sign any documents as required by the Lender to give effect to this assignment of voting rights.

d) Transfer of Rights

The Borrower hereby assigns to the Lender all of the Borrower's rights in or to any amount forming part of any present or future fund maintained to meet common costs and expenses, including but without being limited thereto, any contingency fund. The Borrower undertakes to sign any document as required by the Lender to give effect to the assignment mentioned in this clause.

The Lender shall not, by virtue of the right to vote or consent or the other rights granted under this Article, be under any obligation to vote or consent or to protect the interests of the Borrower, and the Lender shall not be responsible for any exercise or failure to exercise the right to vote or consent or any other of such rights.

e) Contribution

Furthermore, the Borrower personally undertakes to pay all contributions to the charges resulting from the co-ownership and operation of the building and any contribution to the contingency fund.

f) Assumption

Furthermore, the Borrower personally undertakes to comply with the following condition, specifically: that in any future deed of sale of the whole or part of the hereby by hypothecated fraction, the purchaser shall personally assume all the obligations of the Borrower created hereby.

g) Insurance

Nothing shall prevent the Lender from exercising its voting rights associated with the fraction hereby hypothecated with respect to any decision as to whether the Hypothecated Property is to be rebuilt, without prejudice to its right to receive the proceeds of any insurance policy.

h) Default

The Borrower recognizes that a default under the terms and conditions of any stipulation of the Declaration of Co-Ownership and any amendments thereto, or of any management regulation and any amendments thereto, shall constitute an Event of Default under this Deed.

21. REDUCTION AND CANCELLATION

The Lender may unilaterally at its entire discretion consent to the reduction or cancellation of the security hereby constituted. However, the Lender shall not be bound to consent to any such reduction or cancellation unless and until it has received the full and final payment of all amounts hereby secured and there is no outstanding commitment on the part of the Lender to advance further sums or extend further credits to the Borrower. Any such reduction or cancellation shall be at the expense of the Borrower.

22. GENERAL PROVISIONS

- a) This Deed does not constitute novation and the hypothec granted hereunder is in addition to any other guarantee, hypothec or security the Lender may hold from time to time. All rights the Lender may have hereunder are distinct and cumulative and it is understood and agreed that none of such rights as the Lender may or may not exercise shall be deemed to set aside any other right the Lender may claim, or limit or otherwise prejudice any other legal or contractual right of the Lender.

- b) The Lender may waive any undertaking in its favour and any default under this Deed. No omission or delay on the part of the Lender in the exercise of its rights or remedies hereunder shall constitute a waiver thereof, and no renunciation of default shall be valid unless it is made in writing under the signature of an authorized representative of the Lender. No written waiver shall prevent the exercise of any other right, prior claim or recourse of the Lender hereunder, or apply to any other Event of Default.
- c) The Borrower shall be in default of the obligations hereunder by the mere lapse of time provided for, the expiry of the term or any other method permitted by law.
- d) The hypothec granted hereunder is a continuing security that subsists notwithstanding any fluctuation in the amount of the debt or obligations secured hereby. Any future obligation secured hereunder shall be deemed to be one under which the Borrower has undertaken a further obligation hereunder as provided for in Article 2797 of the *Civil Code of Quebec*.
- e) If several persons are designated as the Borrower, each of them shall be liable as solidary debtor for the obligations stipulated hereunder or any renewal or amendments thereto.
- f) Any sum collected by the Lender in the exercise of its rights under this Deed of Loan or the law may be retained by the Lender under the hypothec granted herein, or be imputed to payment of the Indebtedness hereunder whether or not it is due. The Lender shall have the option of imputing any sum without being bound to follow the rules respecting imputation of payments.
- g) The Lender is not bound to use more than reasonable diligence in the exercise of its rights or the performance of its obligations and it shall not be liable for material injury that may be caused through its fault, or that of its employees or mandatary, other than an intentional or gross fault.
- h) The Lender shall have the right, at the expense of the Borrower, to perform all acts and things and to execute all documents as may be necessary to ensure that this Deed of Loan remains effective and opposable to third parties, including the execution and filing of any document required for the renewal hereof.
- i) The Lender may delegate to another person the exercise of its rights or performance of its obligations hereunder; in such cases, the Lender may provide such other person with any information about the Borrower or the Hypothecated Property. The Lender is appointed irrevocable mandatary of the Borrower with power of substitution for the purpose of taking any action or signing any writing, proxy or document it deems necessary for the exercise of its rights. The Borrower and Surety authorize the Lender to collect personal information concerning them, in particular financial information and any other information to ensure their solvency within the context of this Loan. The Borrower and Surety authorize the Lender to establish a file for these purposes.
- j) The rights conferred on the Lender hereunder shall extend to any successor of the Lender, including any entity resulting from the amalgamation of the Lender with any other entity.
- k) The effects or sums of money delivered or held by the Lender in application hereof may be invested as it sees fit without its being bound by the legal rules respecting the investment of the property of other persons.
- l) The Lender may, at its discretion, extend delays, waive its rights, accept security, grant discharges, compromise and otherwise deal with the Borrower, the Borrower's successors and assigns and with the Hypothecated Property without thereby reducing the Indebtedness or prejudicing the rights of the Lender conferred herein or otherwise.
- m) Neither the signature of this Deed of Loan nor the fact that the Lender has already granted part of the credit whose repayment is secured hereunder shall be deemed an obligation for the Lender to maintain such credit available or grant further credit. The Lender may, at its sole discretion and for any reason, decide not to advance to the Borrower all or any part of the principal amount referred to in this Deed of Loan. This applies even if the Deed of Loan has been registered and whether or not any part of the principal amount has previously been advanced. This Deed of Loan will continue to apply and secure the Loan and the Borrower's obligations in favour of the Lender and the Borrower agrees to reimburse the Lender, on demand of the Lender, all of the Lenders costs, including lawyers' fees (on a solicitor and client basis) and expenses, for investigating title to the Borrower's property and for registering this Deed.

- n) Any divisible obligation in favour of the Lender hereunder shall be performed in full, as if it were indivisible, by each legal representative of any person responsible for such obligation.
- o) The Borrower shall be deemed responsible for performing all the obligations stipulated in this Deed, notwithstanding any total or partial alienation of the Hypothecated Property.
- p) Unless the context dictates otherwise, the term "Borrower" shall mean the Borrower as well as any subsequent owner of the Hypothecated Property and any other person who has in any manner assumed the Borrower's obligations to the Lender.
- q) Unless the context dictates otherwise, words in the singular imply the plural and those in the masculine include the feminine and vice versa.
- r) The Borrower declares that the Borrower has read this document and received adequate explanation of the nature and scope of the obligations under this Deed. The Deed corresponds to the form usually proposed to the Lender's customers.
- s) All notices sent by the Lender to the Borrower hereunder shall be valid if sent by regular mail to the Borrower's address indicated in Section IV of the Schedule hereto or any other address indicated in writing by the Borrower to the Lender in accordance herewith. Any notice, claim or *mise en demeure* (demand letter) to the Borrower may also be addressed to the Borrower's usual residence in the Judicial District of .....  
.....  
.....  
or the Borrower's last address known to the Lender, in this District, unless the Lender could not locate the Borrower in such district, when any such notification, claim or *mise en demeure* (demand letter) may at its option be served on the Borrower at the Office of the Clerk of the Superior Court in such district, where in such a case the Borrower elects domicile for the purposes hereof.
- t) The title deeds, certificates of location, insurance policies and other documents relating to the Property may be retained by the Lender until the repayment of the amounts secured hereunder.
- u) This provision applies if the Property has no more than four (4) dwelling units and if the hypothec granted hereby is not a first ranking hypothec:  
  
The Borrower acknowledges having received notice of disclosure of the cost of credit at least two (2) days before the signing of this Deed, copy of such notice being appended hereto as an integral part thereof, after being recognized a true copy and signed for identification purposes by the parties hereto and in the presence of the notary.
- v) The terms and conditions hereof shall be governed and interpreted under the laws of the Province of Quebec.
- w) The Borrower expressly assumes all risks of force majeure, such that the Borrower shall be bound to timely execute each and every of its obligations under this deed notwithstanding the existence or occurrence of any event or circumstance constituting force majeure within the meaning of the second paragraph of Article 1470 of the *Civil Code of Quebec*.)

23. **LANGUAGE**

The Parties confirm their express wish that this Deed and all documents relating hereto, be drawn up in English. *Les parties aux présentes confirment leur volonté expresse de voir le présent acte et tous les documents s'y rattachant, rédigés en anglais.*

24. **CERTIFICATE OF LOCATION**

The Borrower declares that the certificate of location prepared by .....  
....., land surveyor,  
on .....  
....., minute  
.....  
describes the present state of the Property and no change has been made to the Property since that date.

25. **INSPECTION**

If the Lender, Canada Mortgage and Housing Corporation (“CMHC”) or Genworth Financial Mortgage Insurance Company Canada (“Genworth”) or American International Group Inc (AIG) (if this is a CMHC, Genworth or AIG insured mortgage) has reasonable motive to believe that the Hypothecated Property is not in conformity with any federal, provincial or municipal law or regulation respecting environment, the Borrower agrees that the Lender, CMHC, Genworth or AIG or our respective agents) may, at any time before or after default, enter and inspect the Borrower’s Hypothecated Property and conduct any environmental testing, site assessment, investigations or study which the Lender, CMHC, Genworth or AIG considers necessary. The reasonable cost of such testing, assessment, investigation or study, with interest at the Interest Rate, shall be immediately payable by the Borrower and shall be a charge upon the Borrower’s Hypothecated Property. The Lender, CMHC, Genworth or AIG shall not become a lender in possession, management or control by exercising these rights.

26. **READVANCE OPTION**

If (i) the Hypothecated Property consists only of a single family residence; (ii) the Borrower is not in default of any obligations; (iii) there are no subsequent encumbrances on title to the Hypothecated Property and (iv) the Borrower completes a new loan application which is approved by the Lender and satisfies the Lender’s requirements: the Borrower may, at the Lender’s discretion, increase the outstanding principal amount of the Loan up to the original registered amount without having to register a new deed of loan. The Borrower will be responsible to pay any and all costs and fees charged by the Lender and any of the Lenders representatives. Any advance funds will be subject to the interest rate charged by the Lender at the time of funds are advanced, for a loan with a term similar to the remaining term of current loan. The increased principal amount, related interest and other amounts contemplated by this section 26 shall be secured by the hypothecs created hereunder. The amount of monthly payment will be adjusted to reflect the adjusted interest rate and shall be based upon an amortization period equal to the original amortization period less the period of time then passed since the interest adjustment date.

27. **LOANS WITH DEPOSITS**

If required pursuant to the terms in the approval of the Loan, the Borrower shall deposit funds as a loan security deposit. The Borrower authorizes the Lender to deduct the deposit from the principal amount advanced. The Borrower will earn interest on this deposit amount at the thirty (30)-day deposit rate of the Royal Bank of Canada. The deposit must be advanced within one hundred twenty (120) days from the date of funding. If this is not done, the Borrower authorizes the Lender to apply the deposit on account of the loan principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to the Borrower. The Borrower agrees to sign an amending agreement which is to be registered on title to Borrower’s Property.

28. **RENEWING OR AMENDING THE LOAN**

In the event that the Loan is amended to extend the term hereon, the date of the Loan for the purpose of the application of Section 10 of the *Interest Act* (Canada) or any similar federal or provincial legislation permitting prepayment, shall be conclusively deemed to be the first (1<sup>st</sup>) day of the last extension of time for payment and the Loan as amended shall not, at any time or times, be subject to prepayment, in whole or in part, save as may be herein provided

At the Lender’s option, the Loan may from time to time be renewed, extended or amended by written agreement(s) with the Borrower, with or without any increase in the Interest Rate and such renewal, extension or amendment shall not constitute novation. It will not be necessary for the Lender to register the written agreement on title to the Property in order to retain priority for the hypothec granted hereunder, as renewed or amended, over any other instrument registered after this Deed whether or not there are any other instruments registered on title to the Property after this Deed at the time any written agreement is entered into. The entering into of any written agreement by the Lender with any borrower and with any other person liable to pay the Loan amount will not release or affect the liability of anyone who does not sign such written agreement.

29. **PORTABILITY**

Provided that the Lender has not approved an assumption of this Loan, if the Borrower disposes, assigns, transfers or sells the Property and coincidentally acquire title to another property in the same province, the Borrower may request, at least 60 days prior to the disposition, transfer, assignment or sale a replacement loan to be secured by a hypothec, satisfactory to the Lender, on the acquired property. The new loan shall not exceed the then outstanding principal amount of this Loan, shall be on the same terms and conditions, including interest rate, as in this Loan and be for a term equal to the remaining term of this Loan. The Borrower must also first obtain the Lender’s prior approval of the property to be acquired and satisfy all of the Lender’s standard underwriting requirements. The Borrower shall pay all legal costs incurred by the Lender in discharging this Deed of Loan and for preparing and registering the replacement Deed of Loan, including a service fee.

30. **NATIONAL HOUSING ACT**

All CMHC insured loans are made in pursuance of the *National Housing Act*.

31. **SECURITIZATION**

The lender is initially acting as custodial and mandatory for Macquarie Financial Ltd. The Lender may, at its option, sell, assign or encumber the Borrower’s loan to one or more third party(ies) without notice to the Borrower, any co-borrower non-owner, surety or any spouse signing this Deed of Loan and without requiring any consent. In such case, the Borrower agrees that the hypothecs created hereunder shall continue to secure all amounts owing under this Deed of Loan. Once sold or assigned, the Borrowers loan may be repurchased by the Lender, whether or not it is in default. The Borrower and each co-borrower non-owner, surety and spouse executing this Deed of Loan hereby authorizes and consents to the Lender or any other person having an interest in the Loan from time to time and their respective agents and advisors including any party retained to service the loan, releasing, disclosing and assigning any personal or other information (including financial information) with respect to the Borrower, any surety, co-borrower non-owner and their respective spouses, the Loan and the Hypothecated Property, regardless of the scope of distribution and to any such other person as may be required to complete, administer, realize, assign, securitize or otherwise deal with the Borrower’s Loan from time to time.

32. **FEES**

The Borrower agrees to pay the Lender from time to time and on demand, when due, its then current administration and processing fees in connection with the preparation of any assumption statement, discharges, amending or other agreement, statements for information purposes, any fees referred to in clause 6(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of the Loan and to add such fees, if unpaid, to the Principal, which unpaid fees will be charged interest at the Interest Rate.

The amount of such fees in effect at any particular time is available by contacting the Lender.

33. **CO-BORROWER NON-OWNER**

The Co-Borrower Non-owner, .....  
.....  
....., declares having taken communication of these presents and recognizes to be a Co-Borrower with the Borrower herewith appointed, undertakes as solidary debtor with the Borrower and binds himself/herself to pay the Principal, interest,

interest on the interest and incidental costs, performs all the obligations of the Borrower hereunder and under this Deed of Loan, making of the whole his/her personal affair. The Co-Borrower Non-owner obligates to advise the Lender of any change of address and hereby waives the benefits of division and discussion. The Co-Borrower Non-Owner hereby acknowledges having received all useful information concerning the content, the terms and the conditions of this Deed, the Indebtedness and the progress made in performance thereof.

**SURETY**

.....  
.....  
....., intervenant(s) in these presents (collectively referred as the "Surety") who, after having taken communication of these presents, binds himself/herself as surety for each and every obligation contracted herein by the Borrower and with every other surety, as the case may be, and more particularly, for the payment of the sums due under the Loan and interest thereon and incidental costs, hereby binding himself/herself solidarily with the Borrower, making of the whole his/her personal affair. The Surety renounces to the benefits of division and discussion. Furthermore, the obligation of the Surety shall be indivisible in accordance with article 1520 *Civil Code of Quebec*.

The Surety also binds himself/herself to advise immediately the Lender by a written note for any change in his/her address. The Surety subordinates in favour of the Lender, all debts and obligations present or future of the Borrower to the Surety until full payment of the Principal and other amounts secured by this Deed to the Lender. The Surety hereby acknowledges having received all useful information concerning the content, the terms and the conditions of this Deed, the Indebtedness and the progress made in performance thereof.

**CONSENT OF SPOUSE**

AND HERETO INTERVENED

.....  
....., spouse of the Borrower, who confirms that her/his civil status and that of the Borrower are correctly described in section III of the Schedule forming part hereof and who, after examining the document, declares to have taken cognizance of this Deed and to have received from the undersigned Notary sufficient explanation of the nature and extent of the terms and conditions of this contract and the obligations of the Borrower and the Lender deriving therefrom and the spouse consents thereto;

- a) confirms that the Property described in Section I of the Schedule forming part hereof is not used as a "family residence" within the meaning of Article 401 and following of the *Civil Code of Quebec*; or
- b) if the Property is used as a "family residence" confirms that within the meaning of Article 401 and following of the *Civil Code of Quebec*, no declaration of family residence has been registered against it; or
- c) if the Property is a "family residence" within the meaning of Article 401 and following of the *Civil Code of Quebec*, and a declaration of family residence has been registered against it, agrees and confirms that the hypothecs, rights, privileges and recourses of the Lender hereunder shall take priority and be executory against the Property as if no such declaration had been registered and the Intervening Party hereby waives any rights that might result from any such present or future declaration registered against the Property.
- d) in addition to his(her) obligations as surety, as the case may be, acknowledges and agrees that any attribution of a right of use or ownership in the Hypothecated Property in his(her) favour renders him(her) solidarily liable and without benefit of division or discussion for all the Borrower's obligations under this contract.





**SECTION III:** Matrimonial status of the Borrower (and spouse)

.....  
.....  
.....  
.....  
.....  
.....

**SECTION IV:** Address of the Lender for sending payments and notices as per paragraph 22 (s):

Macquarie Financial Limited  
20 Toronto St. 10<sup>th</sup> floor,  
Toronto, ON M5C 2B8

Address of the Borrower for sending notices :

.....  
.....  
.....  
.....  
.....  
.....

IN WITNESS WHEREOF:

IN .....  
.....  
....., Province of Quebec, on the date mentioned above, and entered it in the record of the undersigned under minute number .....

AFTER due reading hereof, the parties have signed in the presence of the undersigned notary,

**BORROWER**

\_\_\_\_\_  
.....  
\_\_\_\_\_

**CO-BORROWER NON-OWNER**

\_\_\_\_\_  
.....

**INTERVENING PARTY**

\_\_\_\_\_  
.....  
.....  
*(Name and complete address)*

\_\_\_\_\_  
.....  
.....  
*(Name and complete address)*

**Computershare Trust Company of Canada**

By: \_\_\_\_\_  
.....  
\_\_\_\_\_

M<sup>tre</sup> ....., Notary