



Form 3992 (06-22-2009)

REF:

**DEED OF RESIDENTIAL HYPOTHECARY LOAN  
(Variable Rate)**

ON this \_\_\_\_\_ day of \_\_\_\_\_

BEFORE Mtre \_\_\_\_\_, the undersigned notary  
practising in the Province of Quebec at \_\_\_\_\_

**THERE APPEARED:**

notice of whose address has been published under the number \_\_\_\_\_  
in the registry office in the registration division of \_\_\_\_\_  
; the number of this notice of address must be indicated opposite all the  
hypothechs that are subject to this Deed of Hypothecary Loan.

**AND:**

(the "Borrower")

**WHO HAVE AGREED AS FOLLOWS:**

**1. DEFINITIONS**

In general, the defined terms that appear below are used throughout this ***Deed of Loan*** in ***boldface italic*** characters. We recommend that you read these definitions. They should help you fully understand the conditions applicable to your hypothecary loan.

“**Buildings**” means the buildings situated on the **Property** at the date of this **Deed of Loan** or to be erected on the **Property** subsequently and all improvements to such buildings.

“**Closed Mortgage**” means a hypothecary loan which limits how **you** can prepay the **Secured Amounts** and fixes what prepayment charges you will be charged if you do prepay.

“**Convertible Mortgage**” means a **Closed Mortgage** that **you** can change to another **Closed Mortgage** with either a fixed interest rate and having a term longer than the remaining term of the Loan, or to a RateCapper® Mortgage.

“**Deed of Loan**” means this deed and its schedules, if any, as well as any amendment, replacement or renewal of this deed.

“**Default**” means any of the events described in section 5.1 of this **Deed of Loan**.

“**HomeProtector® Insurance Premium**” means an insurance premium paid by **you** for optional group creditor life or life and disability insurance. This insurance will pay off the **Secured Amounts** if you die or pay the regular payments (excluding **Tax** instalments) for a period of time if **you** become disabled. It is collected as part of your payment. It is different from property insurance which protects your home and its contents. *HomeProtector* insurance is underwritten by The Canada Life Assurance Company and is subject to terms, conditions, exclusions and eligibility restrictions. Please see the *HomeProtector* booklet for full details.

“**Hypothec**” means the rights created by this **Deed of Loan** in your **Property**, in the **Rent** it produces, if any, and in the insurance associated with such **Property** and such **Rent**. The word “**Hypothec**” includes all the hypothecs granted to secure the **Loan**.

“**Interest Adjustment Date**” is the date indicated in section 2.4 of this **Deed of Loan**. If sums are advanced to you on the **Loan** before that date and before you begin making your payments, interest accrues and is payable up to that date. This is the date the term starts.

“**Interest Rate**” means the interest rate applicable to the **Loan**, as determined in section 2.2 of this **Deed of Loan**, or any other rate agreed between **you** and **us**. It is an annual rate which gets adjusted as the **Prime Rate** rises or falls.

“**Loan**” means the amount that **we** agree to lend to **you** and that **you** agree to repay us, as indicated in section 2.1. If **you** borrow additional amounts in accordance with section 2.7, the word “**Loan**” where used everywhere in this **Deed of Loan** includes such additional amounts except in sections 2.1, 2.2, 2.4 and 2.7.

“**Maturity Date**” means the date on which the **Loan** matures, that is, the date on which the **Secured Amounts** must be paid to **us** in full or be the subject of a renewal.

“**Mortgage Default Insurer**” means the Canada Mortgage and Housing Corporation (“CMHC”) or any other corporation offering mortgage default insurance to lenders.

“**National Housing Act**” means the federal law under which the Canada Mortgage and Housing Corporation offers mortgage default insurance.

“**Obligations**” means everything that you agree to do or not do and everything that you confirm, declare and represent by signing the **Deed of Loan**.

“**Open Mortgage**” means a hypothecary loan that lets **you** prepay any amount you want without you having to pay a prepayment charge. The minimum prepayment amount is \$500.

“**Prime Rate**” means the annual rate of interest announced by Royal Bank of Canada from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada. **Our** notices of the **Prime Rate**, whenever given, will be conclusive.

“**Property**” means the immovable property described in section 3 of this **Deed of Loan**, including the land and all **Buildings** and improvements that are or will be erected on the land, and all movable property that is or will be permanently physically attached or joined to the immovable property. **Property** also includes all future constructions and improvements on the land or the **Buildings** located on the land.

“**Rent**” means all present and future rent payable under current and future leases on the **Property** (including sums payable for any right of use, emphyteusis or occupancy).

“**Secured Amounts**” means the total amounts that **you** owe **us** at any time pursuant to the **Deed of Loan**, whether or not they are due and payable. That includes the **Loan**, interest, interest on interest, additional amounts borrowed and any other sum that **you** agree to pay under the **Deed of Loan** including sums that **we** pay to conserve **our** rights or because **you** have failed to fulfill **your Obligations**.

“**Taxes**” means all taxes and assessments on the **Property**, including municipal, general and special taxes, church, urban community or school board taxes, and local improvement, water and business taxes, as well as any interest and penalties relating to such taxes.

“**Term**” means the period of time starting on the **Interest Adjustment Date** and ending on the **Maturity Date**.

“**We**” or “**Us**” means the lender referred to at the beginning of the **Deed of Loan** who is granting **you** the loan. The word “**our**” also refers to us.

“**You**” means each person named as a borrower at the beginning of this **Deed of Loan** who borrows under the **Loan**. The word “**your**” also refers to you.

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## 2. TERMS OF THE LOAN

### 2.1 LOAN AND DISBURSEMENT

**We** are lending **you** the sum of  
DOLLARS (\$) ) (the “**Loan**”), which  
**you** agree to borrow.

This amount will be paid to **you** once the **Hypothec** that **you** grant **us** by the **Deed of Loan** is registered and creates valid first-ranking rights in **our** favour. This sum will not be paid to **you** if **you** do not fulfill one or more of your **Obligations** to **us**. The decision to disburse all or part of this amount will at all times be at **our** sole discretion.

**We** may withhold, out of the sums to be advanced, the **Taxes** owing and the accrued interest outstanding at the date of the advance, the file processing fee and the mortgage default insurance premiums, if any.

*Insert the clause  
"Purpose of the Loan"  
only in the event of  
subrogation by the  
borrower in favour of the  
lender in the rights of  
the creditor.*

*Delete if inapplicable*

## PURPOSE OF THE LOAN

The **Loan** will be paid on **your** behalf to \_\_\_\_\_, to whom you owe sums of money secured by a hypothec registered in the land register of the land registration division of \_\_\_\_\_ under the number \_\_\_\_\_ pursuant to a deed of loan and hypothec (referred to below as the "**Existing Deed of Loan**").

**You** declare with **us** that the **Loan** is to be used to repay the debt described in the **Existing Deed of Loan** so that **we** are subrogated in all the rights and remedies granted to the above hypothecary creditor by the **Existing Deed of Loan**, including those relating to the additional hypothec and the hypothec on rent and insurance, in accordance with Article 1655 of the **Civil Code of Québec**.

## CONSTRUCTION OR RENOVATION LOAN

If **you** are contracting the **Loan** for the purpose of building, renovating or making improvements to the **Property**, **we** may advance to **you** all or part of the amount according to the progress of the work. **We** may decide whether an amount should be advanced to **you**, the amount of the advance and the date at which the advance will be made, based on the completion of the work and the amounts required to complete unfinished work. The decision to advance such amounts will at all times be at our sole discretion.

**We** may withhold such portion of the amounts to be advanced as **we** see fit to ensure the payment of the persons who work on such construction, renovations or improvements and who could acquire rights in the **Property** if they are not paid.

**We** may also withhold from amounts to be advanced, accrued interest outstanding on amounts previously advanced.

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## 2.2 INTEREST

*\* Indicate the  
premium or  
discount as  
applicable*

**You** agree to pay **us** interest each month on the **Loan** at an annual rate equal to the **Prime Rate** then in force\* \_\_\_\_\_ per cent ( \_\_\_\_\_ %) per annum (the "**Interest Rate**"), calculated monthly not in advance, starting on the date on which sums are disbursed to **you** on the **Loan** both before and after maturity, **Default** and judgment.

The **Interest Rate** is adjusted automatically each time the Prime Rate changes and **we** do not have to give you notice of any change. It always corresponds to the **Prime Rate** plus the premium or minus the discount (as

applicable) referred to above, and calculated and payable monthly, or if we and you agreed to another payment frequency, calculated and payable at that other frequency.

**You** also agree to pay **us** interest on any amount which **you** are obliged to pay **us** under the **Deed of Loan** that is not paid when due, including any amount which **we** have paid to conserve our rights or because **you** have failed to fulfill your **Obligations**. Such unpaid amounts will be added to the **Secured Amounts** and will bear interest at the **Interest Rate**. **You** agree to pay interest on the **Secured Amounts** both before and after the **Maturity Date**, **Default** and judgment, until the **Secured Amounts** have been paid in full.

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### 2.3 INTEREST ON INTEREST

If **you** do not pay any interest when due under the **Deed of Loan**, **we** will add the overdue interest to the **Secured Amounts** and charge **you** interest on the combined amount until it is paid. This is called compound interest. **We** calculate compound interest at the **Interest Rate**. **You** agree to pay the compound interest at the same frequency as **your** regular payments, both before and after the **Maturity Date**, **Default** and judgment, until the **Secured Amounts** are paid in full.

**We** will also charge **you** interest on compound interest at the **Interest Rate** both before and after the **Maturity Date**, **Default** and judgment, until the **Secured Amounts** are paid in full. All overdue interest and compound interest is part of the **Secured Amounts**. **You** agree to pay this interest immediately when **we** ask **you** to pay it.

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### 2.4 REPAYMENT

(a) The **Term** begins on \_\_\_\_\_, (the "**Interest Adjustment Date**").

If **we** disburse all or part of the **Loan** before the **Interest Adjustment Date**, **you** agree to pay **us** the accrued interest on the sums advanced, calculated at the **Interest Rate**, starting on the date at which **we** advance such sums to **you** until the **Interest Adjustment Date**. **You** agree to pay **us** such interest on the first day of each month until the **Interest Adjustment Date**. If the **Interest Adjustment Date** does not fall on the first day of a month, you agree to pay us the accrued interest from the first day of the month in which the **Interest Adjustment Date** falls until the **Interest Adjustment Date**.

If the **Loan** is to be advanced on a progressive basis and the full amount has not been advanced at the **Interest Adjustment Date**, the **Interest Adjustment Date** will change to the date of the final advance. This means the **Maturity Date** and the date of **your** last regular payment will also change. If the final advance is not made within 12 months of the date of your **Loan** application, we will automatically set your **Interest Adjustment Date** to a date that is approximately 12 months from the date of your **Loan** application and the **Term** will start on that date.

(b) **You** also agree to repay **us** the **Loan** and to pay **us** interest on the **Loan** as follows not in advance (except if a clause in the **Deed of Loan**

permits) in consecutive, equal, monthly instalments of \_\_\_\_\_ DOLLARS (\$) each (such instalment includes a payment of principal and interest on the **Loan** calculated at the **Interest Rate**).

**You** will make the first of such payments on \_\_\_\_\_ and **you** will pay the same amount on the same day of each month of each subsequent year (unless **we** agree with **you** on a different payment schedule) until \_\_\_\_\_ inclusively (the "**Maturity Date**"). **You** agree to pay **us** the **Secured Amounts** at the **Maturity Date**.

**We** may, if **you** wish, agree with **you** on a different date or a different payment frequency.

The amount of each consecutive instalment which **you** agree to make under the **Deed of Loan** is fixed, but the principal and interest components of each instalment may vary as the **Prime Rate** changes.

If the **Prime Rate** goes down, more of **your** payment goes to pay off the **Loan**; if the **Prime Rate** goes up, less of **your** payment goes to pay off the **Loan**. If **you** are not in **Default** and **your** payment is not enough to pay all accrued interest due on the payment date, **we** will automatically increase **your** next payment by a series of \$2.00 amounts, until the payment covers all accrued interest since **your** last payment. **We** do this so that **you** will pay all the interest **you** owe **us** and the amount **you** owe **us** will not increase. When this happens it will take longer to pay off **your Loan**. **Your** payments will remain at the increased amount for the rest of the **Term**, unless **we** both agree to a new amount or **your** payment falls short again.

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## 2.5 APPLICATION OF THE PAYMENTS

If **you** are not in **Default**, **we** apply **your** payments as follows:

- (a) to pay your **HomeProtector Insurance Premium** on the **Loan**, including any applicable sales taxes or similar taxes, if you have such coverage;
- (b) to pay **Taxes**, if it has been agreed that **we** pay them on **your** behalf;
- (c) to pay interest due and payable under the **Deed of Loan**;  
and
- (d) to reduce the **Loan**.

If **you** are in **Default**, **we** may apply your payment, or any other money **we** receive from **you**, as **we** choose.

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## 2.6 AUTOMATIC RENEWAL OF THE TERM OF THE LOAN AND AMENDMENTS

If **we** send **you** a renewal agreement for the **Loan** and **you** fail to sign and return it to **us** by the date indicated on the agreement, then the **Loan** will, at our option, be automatically renewed on the conditions set out in the agreement.

**We** may agree with **you** to amend any condition applicable to the **Loan**. In such a case, **you** will continue to be bound to fulfil all your **Obligations** set out in the **Deed of Loan**, subject to such amendments as **we** may have agreed with **you** with respect to such **Obligations**.

The hypothecs created by the **Deed of Loan** will keep the same rank, notwithstanding any renewal or amendment. For the sole purposes of section 10 of the Interest Act (Canada), which authorizes the prepayment of hypothecary loans in consideration for payment of a sum equivalent to three months of interest provided a period of five years has elapsed since the date of the hypothec, the date of the **Hypothec** will be the date the renewal or amendment takes effect.

Any renewal, amendment or extension of the **Deed of Loan** is at **our** discretion and **you** are not entitled to obtain such a renewal, amendment or extension unless **we** consent thereto.

Do not delete section  
2.7 "Additional  
Amounts".

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## 2.7 ADDITIONAL AMOUNTS

Once **you** have repaid part of the **Loan**, **you** may borrow additional amounts, provided that the total amount borrowed and not repaid from time to time never exceeds the amount of the **Loan**. **We** may withdraw this additional borrowing option if **we** see fit.

The repayment conditions for such additional amounts and the interest payable thereon will be the object of separate agreements between **you** and **us**.

The additional amounts borrowed will also be secured by **Hypothecs** created by this **Deed of Loan**. Such **Hypothecs** will have the same rank and will subsist, notwithstanding any reduction in such additional borrowing, until they are cancelled by an instrument in writing duly signed by **us**.

*[This section does not apply in the case of subrogation by you in our favour in the rights of the creditor paid by way of the Loan.]*

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## 3. HYPOTHECS

By this clause **you** grant **us** certain rights in **your Property**, in the **Rent** from the Property and in the insurance covering the **Property** and the **Rent**, in order to secure the repayment of the **Secured Amounts** and the fulfilment of **your Obligations**. You agree that the **Hypothecs** on the **Property**, the **Rent** and the associated insurance coverage secure payment to us of the **Secured**

**Amounts.** As long as **you** fulfill all **your Obligations**, **you** may stay in possession of **your Property**. **Our** rights in the **Property** will end when **you** have paid **us** the **Secured Amounts** in full and **you** have fulfilled all **your Obligations**, in which case **you** may request an acquittance by paying the required fee, as explained in section 6.15.

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### 3.1 PROPERTY

To secure the payment of the **Loan** and the interest on the **Loan**, **you** hypothecate to **us** the immovable property described below and all the movable property that is or will in future be permanently physically attached or joined to the immovable property (collectively referred to as the "**Property**" in this Deed of Loan) for an amount of

*Indicate the premium  
or discount as  
applicable*

DOLLARS (\$ \_\_\_\_\_), plus interest, from the date hereof, at an annual rate equal to the **Prime Rate** then in force\* percent ( \_\_\_\_\_ %) per annum, calculated **monthly**, not in advance.

### DESCRIPTION

### 3.2 RENT

To secure the payment of the **Loan** and the interest on the **Loan**, **you** also hypothecate to **us** for an amount equal to the sum indicated in section 3.1 all the **Rent**.

**You** agree to deliver a copy of all leases to **us** on request.

**We** authorize **you** to collect the **Rent** at its due date but not in advance until **we** withdraw such authorization.

If **we** collect the **Rent**, such sums will be used to repay sums owing to **us** with respect to the **Secured Amounts**, as set out in section 2.5 of the **Deed of Loan**, even if the **Secured Amounts** are not due. **We** will not be responsible for damage resulting from the failure to collect **Rent** and we will have no obligation to inform **you** of any irregularity in the payment of **Rent**.

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### 3.3 INSURANCE

In order to further secure the payment of the **Loan** and of the interest on the **Loan**, **you** hypothecate to **us** for an amount equal to the sum indicated in section 3.1, all insurance proceeds relating to the **Property** or the **Rent**.

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### 3.4 ADDITIONAL HYPOTHEC

To secure the payment of all the sums **you** must pay on the **Secured Amounts** under the **Deed of Loan** (other than the **Loan** and interest on the **Loan**), and to secure the performance of all your other **Obligations**, **you** hypothecate the **Property** and the **Rent** to **us** for an additional sum equal to fifteen percent (15%) of the principal amount indicated in section 3.1.

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### 3.5 SUBROGATION

If the **Loan** is to be used to repay another creditor so that **we** are subrogated in that creditor's rights, instead of hypothecating the property described in sections 3.1 to 3.4, **you** acknowledge that **we** are subrogated in the rights of the other hypothecary creditor in the **Property**, the **Rent** and the associated insurance proceeds.

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*Insert the "Subrogation" clause only in case of subrogation by the borrower in favour of the lender.*

*Delete if inapplicable*

## 4. OBLIGATIONS OF THE BORROWER

### 4.1 INSURANCE

**You** agree to keep the **Property** insured as long as the **Secured Amounts** under this **Deed of Loan** have not been repaid in full.

This insurance must cover the **Buildings**, during and after their construction, for their full (100%) replacement value, in Canadian dollars.

This insurance must cover at a minimum losses and damage caused by fire, lightning, hurricanes, explosions, collisions, vandalism, riots and civil commotion, smoke, falling objects and other customary risks and hazards. **We** may also require the insurance policy to cover other risks or hazards that **we** identify depending on the type or location of the **Property**.

Each insurance policy must be issued by a licensed insurance company and contain the standard hypothecary clause approved by the Insurance Bureau of Canada, stating that, in case of loss, **we** will be paid first. If **we** so request, **you** must also assign your insurance policy(ies) to **us** and **you** agree to do everything necessary to give effect to such assignment.

**You** agree to deliver to **us**, if **we** so request, the insurance certificates or certified copies of each insurance policy.

**You** also agree to provide **us**, if **we** so request, with proof of renewal of insurance at least 15 days before the expiry of any insurance policy.

**We** will have the right, but not the obligation, to insure the buildings at your sole expense and to incur the necessary expenses for that purpose if **you** fail to do so. **You** agree to immediately repay **us** the sums, including the premiums, **we** have paid to insure the premises. If **you** do not repay **us** immediately, these sums will be added to the **Secured Amounts** and will bear interest at the **Interest Rate** commencing on the date **we** paid such sums.

If a loss or damage occurs, **you** agree to provide all proofs and take all necessary steps at your own expense to allow **us** to collect the insurance proceeds.

The presentation of the **Deed of Loan** will suffice for the insurance company to pay **us** the amount of the insurance proceeds.

The insurance proceeds received may, at **our** option, be used in whole or in part for:

- (a) the construction, restoration or repair of the **Buildings**;
- (b) the payment in full or in part of the **Secured Amounts**, whether or not they are then due and payable, and any prepayment charges in relation to the amount so repaid; or
- (c) payment to **you**.

If the **Property** forms part of an immovable owned in divided co-ownership, **you** also agree to comply with the provisions concerning insurance contained in the section of this **Deed of Loan** entitled "Co-ownership Clause".

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#### 4.2 TAXES

**You** agree to pay **us**, if **we** so request, at the time of each regular payment provided for in the **Deed of Loan** an amount equal to one twelfth (1/12) of the sum **we** consider sufficient to pay all the **Taxes** payable during each year of the term of the **Loan** (that is until the **Secured Amounts** have been paid in full).

**We** may from time to time make a new estimate of the amount **we** consider necessary for that purpose.

If, at the date when the **Taxes** fall due and payable or following a new estimate by us, the amount **you** have paid proves to be insufficient, **you** agree to pay **us**, on request, the additional amount required to make up the shortfall.

**You** agree to deliver to **us**, as soon as **you** receive them, all accounts, notices and other information relating to the **Taxes**. If **you** do not send **us** any of this information and if your failure to do so results in extra charges being payable on the **Taxes**, **you** agree to pay such charges. **We** are not responsible for any extra charges that are payable because **we** have not received any of these accounts, notices or other information.

If **you** fulfill **your Obligations** **we** will use the amounts accrued in this manner to pay the **Taxes** as they fall due or at any time **we** choose. If **you** do not fulfill **your Obligations**, **we** will have the right to use all or part of such amounts to repay the **Secured Amounts**. **We** may set aside all the amounts that **you** pay to **us** pursuant to this clause as security for the fulfillment of **your Obligations** to **us**.

We may pay you interest from time to time at **our** option on amounts that are paid to **us** and that **we** set aside for the payment of the **Taxes** pursuant to this clause at an annual rate that **we** choose.

If the amount in your **Tax** account is not sufficient to pay the **Taxes**, **we** may, but are not obliged to, advance the required amounts to cover the shortfall.

**You** agree to repay **us** on request any amount or any charge that **we** pay to a municipality or to any third party in connection with the administration of your **Tax** account and the payment of the **Taxes** on your behalf. If **you** do not repay **us** immediately, we may at **our** option add these amounts to the **Secured Amounts**.

If **we** do not ask to pay the **Taxes** on your behalf, **you** agree to pay the **Taxes** without subrogation as soon as they are due and **you** agree to give us proof of payment of the **Taxes** on request.

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#### 4.3 COSTS

**You** agree to pay all fees, legal disbursements and costs of publication of rights incurred by **us** in connection with the **Deed of Loan**, any amendment, renewal or other agreement relating to the **Loan** or the **Secured Amounts**, the preparation of a statement of account, a statement of information, any request to transfer the **Loan** or the **Hypothec**, or the preparation of a statement for purposes of an assumption of loan, any document or notice required to give effect to the **Deed of Loan** or to enforce the rights it confers, any registration of address, acquittance, discharge or cancellation, and any appraisal and survey costs, the costs of production of a location certificate or of certification of the publication of rights, and costs legitimately incurred by **us** to conserve the **Property** or the **Rent** or to recover the **Secured Amounts**. If **you** do not pay **us** such costs, **we** may, at **our** option, add these amounts to the **Secured Amounts** and they will bear interest at the **Interest Rate**.

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#### 4.4 PRIOR CLAIMS

**You** agree to pay, as soon as they are due and payable, all claims, the non-payment of which could confer on the creditor a prior claim or superior rank over the **Hypothecs** recorded in this **Deed of Loan**, except for:

- (a) the hypothecs already published at the time this **Deed of Loan** is published and that are known to and accepted by **us**;
- (b) such claims which **you** contest in good faith by appropriate means, provided **you** give **us** sufficient security to cover any loss or damage that may result.

If **you** do not pay such claims as required, **we** may pay them, at **our** option, and add the amounts of such claims to the **Secured Amounts**. It follows that if **we** pay such claims, **we** will be subrogated in the rights of such creditors

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#### 4.5 OCCUPANCY AND RENT

**You** agree to occupy and use the **Property** primarily for residential purposes.

You agree to obtain **our** consent before renting out all or part of the **Property**. **We** may withhold **our** consent if **we** see fit.

If **you** rent out all of part of the **Property**, **you** agree not to assign or hypothecate the **Rent** to any third party and not to rent out the **Property** on terms less advantageous than the market.

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#### 4.6 REAL RIGHTS

**You** agree not to create any real right in the **Property** without obtaining **our** prior consent in writing. This means that **you** may not, for example, grant another hypothec on the **Property** or grant a right of use or a servitude on the **Property** without our consent.

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#### 4.7 MAINTENANCE OF THE PROPERTY

**You** agree to:

- (a) not destroy, damage, remove or sell the **Buildings** in whole or in part without **our** consent;
- (b) prevent any use of the **Property** or the **Buildings** that could impair their value;
- (c) maintain the **Buildings** and the **Property** adequately and make any repairs that **we** may request you to make. If **you** do not make such repairs when **we** request them, **we** may make such repairs as **we** see fit, in which case **you** agree, on request, to repay us any amount that **we** pay for that purpose.

Amounts not paid by **you** in this connection will be added to the **Secured Amounts** and will bear interest at the **Interest Rate**.

(d) not to remove the air conditioning, heating, plumbing, cooling or lighting appliances, or accessories and equipment placed in the **Buildings** now or in the future without **our** prior written consent.

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#### 4.8 CONSTRUCTION

If **you** wish to build, renovate or make improvements to the **Buildings** or the **Property**, **you** agree to:

(a) obtain **our** prior approval or that of the **Mortgage Default Insurer**, if the **Loan** has been insured by a **Mortgage Default Insurer**;

(b) provide any information or document that **we** or the **Mortgage Default Insurer** may request with a view to such approval, such as plans, specifications, construction permits, insurance or other;

(c) comply with construction standards, building codes and applicable municipal or other government by-laws and regulations;

(d) use only new materials; and

(e) respect the plans and specifications that **we** or the **Mortgage Default Insurer**, if the **Loan** is insured by a **Mortgage Default Insurer**, have approved.

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#### 4.9 INSPECTION

**We**, the **Mortgage Default Insurer and our** respective agents may, at any time, if **we** or the **Mortgage Default Insurer** see fit, enter the **Property** to inspect the land and the **Buildings**. Such inspection may include, among other things, environmental tests, a site appraisal or any other study or inspection that **we** or the **Mortgage Default Insurer** deem necessary. The exercise of this right of entry and inspection does not mean that **we**, the **Mortgage Default Insurer** or our respective agents are in possession of or have management of or responsibility for the **Property** and the **Buildings**.

**You** agree to pay when due the reasonable costs of such tests, appraisals, studies and inspections, if any. Amounts not paid by **you** in this connection will be added to the **Secured Amounts** and will bear interest at the **Interest Rate**.

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#### 4.10 COMPLIANCE WITH THE LAW

**You** agree to:

(a) comply promptly with all legislative, regulatory, administrative and other provisions of federal, provincial and municipal or other authorities regarding zoning, use, occupancy, subdivision, parking, historical or cultural designations, fire, access, loading facilities, landscaping, environmental

pollution, toxic substances or other environmental hazards, building construction, public health and safety and all private restrictions and covenants affecting all or part of the **Property**;

(b) make at **your** own expense structural or other improvements or modifications required to comply with such provisions; and

(c) provide **us** on request with proof that **you** are in compliance with such provisions.

---

#### 4.11 CHANGE OF RESIDENCE

**You** agree to notify **us** in writing of any change in **your** usual residence within thirty (30) days of such change.

---

#### 4.12 TAX ON THE LOAN

**You** agree to repay **us** on request the amount of any tax (other than tax on **our** income) that **we** may have to pay with respect to the **Loan**.

If **you** are not considered to be a Canadian resident for income tax purposes, it is possible that the country where you are considered to be resident for income tax purposes will require tax to be withheld on the interest portion of **your** payments.

If **you** have to pay such withholding taxes, **you** are solely responsible for the payment of such taxes and the payments **you** make under the **Deed of Loan** must be made free and clear of such withholding taxes. **You** agree to pay all such withholding taxes to the taxing authorities of the country of which you are a tax resident and to provide **us** with proof from the foreign taxing authority that **you** have paid such withholding taxes.

If **you** do not pay such withholding taxes and the foreign taxing authority concerned claims payment of such withholding taxes from **us**, **you** agree to pay **us** the required amount for that purpose as soon as **we** so request. If **you** do not pay the required amount, it will be added to the **Secured Amounts**. In certain circumstances, **we** may inform **you** that **we** will collect and remit such withholding taxes on **your** behalf, in which case **we** will remit the withholding taxes to the foreign taxing authority concerned out of the interest **you** pay **us**.

---

#### 4.13 EXPENSES INCURRED BY THE LENDER

**We** may pay any sum that **you** have an obligation to pay under the **Deed of Loan** or that **we** consider it necessary or desirable to pay because **you** have not fulfilled **your Obligations**, at any time and without giving you prior notice. Similarly, if for any reason **our** security or **our** rights under the **Deed of Loan** are impaired, **we** may take the steps and incur the expenses that **we** consider necessary or desirable to protect our security and our rights without giving **you** prior notice.

**You** agree to repay **us** the sums **we** legitimately pay in this manner, on request. If **you** do not repay **us**, **we** may, at **our** option, add these

amounts to the **Secured Amounts**, with interest on the **Secured Amounts** at the **Interest Rate**.

---

## 5. DEFAULTS

### 5.1 EVENTS

**You** will be considered to be in default under the **Deed of Loan** if any of the following events occurs:

(a) **you** do not make a payment when **you** should or you fail to pay any other sum that is due in connection with the **Secured Amounts**;

(b) **you** do not fulfill one of **your Obligations**;

(c) **you** do not pay a sum or perform an obligation and such failure to pay or failure to perform an obligation could confer rights in the **Property** or the **Rent** on a third party;

(d) **you** become insolvent, declare bankruptcy or initiate proceedings to reach an arrangement with **your** creditors or with a view to **your** winding-up or bankruptcy;

(e) proceedings are initiated against **you** to have **you** declared bankrupt and **you** do not contest them diligently and they are not dismissed or cancelled within twenty-one (21) days from the date they are initiated;

(f) a right that ranks prior to or has preference of rank over the **Hypothecs** recorded in the **Deed of Loan** is registered against the **Property** or the **Rent**, unless you contest it in good faith immediately by appropriate means and give **us** security that **we** consider sufficient to cover any loss or damage that may result;

(g) prior notice is given by a preferential or hypothecary creditor of his intention to exercise a preferential or hypothecary right or any other security, such right or security is enforced, a secured creditor takes possession of the **Property** or the **Rent**, or a receiver is appointed for all or part of the **Property** or the **Rent**;

(h) the **Property** or the **Rent** is seized and the release from seizure is not obtained within the following ten (10) days;

(i) the construction of any **Building** on the **Property** is interrupted before its completion for a continuous period of over twenty (20) days;

(j) any of the representations or statements **you** make in the **Deed of Loan** or in any other document relating to the **Loan** are incorrect;

(k) any third party (including the government) demands, or claims the right to demand, that **we** pay to it all or part of the amounts that **we** may disburse to **you** in connection with the **Loan**.

---

## 5.2 EFFECTS

Without limiting **our** right to demand, at **our** option and at any time, the payment of the amounts payable on demand, **we** may, upon the occurrence of any of the events listed in clauses (a) to (j) of section 5.1 above:

(i) cease to pay **you** any balance of the **Loan** that has not yet been disbursed;

(ii) demand full and immediate payment of the **Secured Amounts**, which will then be immediately due and payable; and

(iii) exercise at **our** option, without restriction and without prior notice other than that provided by law, all the rights and remedies that are conferred on **us** by law, including the following hypothecary rights that are then available:

- taking in payment;
- sale by judicial authority;
- taking possession for purposes of administration; or
- sale by the creditor.

The occurrence of the event referred to in clause (k) of section 5.1 automatically terminates any obligation on **our** part to advance **you** funds on the **Loan** without the need for any notice or demand (which you expressly waive). **You** authorize **us** as of now to exercise any of the rights referred to in this section 5.2 in such a case.

---

## 6. MISCELLANEOUS PROVISIONS

### 6.1 NATURE OF THE OBLIGATIONS

Each of **your Obligations** is indivisible and **we** may require full compliance by each of **you** who have signed the **Deed of Loan** and **your** heirs, legatees, legal representatives, successors or assigns.

If any of the provisions of the **Deed of Loan** is null or void or deemed not to have been written, all the other provisions of the **Deed of Loan** will be severable from the provisions that are null and void or deemed not to have been written and will remain valid and enforceable.

---

### 6.2 PAYMENT

**You** agree to

- make all the payments which **you** are bound to make to **us** in tender that is legal in Canada at the time of payment, at the branch indicated in the **Deed of Loan** or at any other location **we** indicate in writing;

- keep a bank account with a Canadian financial institution and keep a sufficient sum of money in the account to make each payment that is due to **us**;

**You** authorize **us** by the **Deed of Loan** to automatically withdraw from such account the amount of any payment when it is due to **us**;

**You** agree not to cancel your authorization to withdraw, or close the account without **our** consent. If your financial institution refuses the pre-authorized withdrawal, **we** will charge **you** for the fee your financial institution charges **us**. This may include situations where you do not have enough money in **your** account, or **you** closed your account.

---

### 6.3 ELECTION OF DOMICILE

Any service, notice or demand must be made or given to or served on **you** at **your** domicile. However, if **we** cannot find **you** at your domicile, **you** elect domicile for the purposes of the **Deed of Loan** at the office of the clerk of the Superior Court in the district where the **Property** is located, and such service, notice or demand may be made, given to or served on **you** there.

---

### 6.4 DEFAULT BY LAPSE OF TIME

Subject to the provisions of section 6.5, **you** will be put in default by the mere lapse of the time to fulfill **your Obligations**. This means that **we** do not have to send **you** a notice or demand asking that **you** comply.

---

### 6.5 PRIOR NOTICE

If:

- the repayment of the **Loan** is secured by a hypothec other than a first-ranking hypothec; and
- at the expiry of the **Term you** are not in **Default**; and
- the outstanding balance of the **Loan** exceeds the amount of one regular payment,

**we** will give **you** prior written notice of at least thirty (30) days before requiring the repayment of the **Loan** in full.

*Section 6.5 applies only if the Borrower is a consumer within the meaning of consumer protection legislation*

---

## 6.6 NO WAIVER

**You** confirm that **you** will not claim that an action or omission by **us** constitutes or implies a waiver by **us** of **our** right to invoke a **Default** by **you**, or to enforce a right arising from such **Default**, unless **we** have explicitly expressed such an intention after a **Default** has occurred.

---

## 6.7 DOCUMENTS

**You** agree, if **we** see fit, to remit to **us** the title deeds, title search certificates, location certificates, insurance contracts and other documents relating to the **Property** and the **Rent**. These documents will remain in our possession until the **Secured Amounts** are repaid in full.

---

## 6.8 REPRESENTATIONS

**You** represent to **us**:

- (a) **you** are the absolute and uncontested owner of the **Property**;
  - (b) **you** are the absolute owner of the air conditioning, heating, plumbing, cooling and lighting appliances, the accessories and equipment placed in the **Buildings** and the elevators and machinery, and they are permanently physically attached or joined to the **Building** to permit its use and they form part of the **Building**;
  - (c) the **Property** and the **Rent** are free of any prior claim and are charged only with the hypothecs declared in the **Deed of Loan**; furthermore, the **Rent** has not been assigned to any third party;
  - (d) all the **Taxes** payable to date have been paid without subrogation;
  - (e) **your** marital status, if applicable, is as indicated in section 10.2 of the **Deed of Loan**;
  - (f) if **you** are married, no change has occurred in **your** marital status since **your** marriage and no agreement exists between **you** and **your** spouse to change **your** matrimonial regime or **your** marriage contract and no petition seeking the approval of such an agreement and no petition for separation as to property, separation as to bed and board, for annulment of marriage or for divorce is pending.
- 

## 6.9 OBLIGATIONS SOLIDARY

If there is more than one Borrower, each is solidarily liable for the fulfilment of the **Obligations**. This means that each of **you** is responsible individually and collectively with the others for such **Obligations** and **we** may require any one of **you** to perform all such **Obligations**, which will have the effect of releasing the others. However, each of **you**, solidary Borrowers, waives the right to be subrogated in **our** rights against the others. This means that **you** will not obtain **our** rights against the other solidary Borrowers by performing the

**Obligations.** Each of **you** also authorizes **us** to grant releases and waivers to the other solidary Borrowers or with respect to the **Hypothecs** recorded in the **Deed of Loan**, and each of **you** acknowledges that this will not have the effect of releasing **you** from **your Obligations**.

---

#### 6.10 EXONERATION

If **we** are in possession of the **Property**, **we** will not be obliged to maintain the use for which it is normally intended, to have it generate revenues or to continue operating or using it.

---

#### 6.11 CONSENT – CADASTRAL AMENDMENTS

**We** authorize **you** by this **Deed of Loan** to make any cadastral amendments for the sole purpose of renumbering the lot(s) corresponding to the **Property**, provided that, following such amendment, our rights arising from the **Deed of Loan** are carried over to one or more full lots, excluding parts of lots. **We** expressly reserve all **our** rights in the renumbered lot(s). **You** must notify **us** in writing of the cadastral amendment within ten days of such amendment.

If, following the proposed cadastral amendment, **our** rights under the **Deed of Loan** are transferred not only to one or more full lots, but also to one or more parts of lots, or only to one or more parts of lots, **you** must obtain **our** express prior consent to the contemplated transaction and **we** may then require that **you** grant **us** a hypothec on one or more parts of lots so that **our** rights apply to one or more full lots.

---

#### 6.12 CHANGE OF OWNERSHIP

##### OPTIONS

If **you** sell the **Property** and **you** are not in **Default**, **you** have two (2) options:

**A)** **you** may transfer the **Loan** and the **Hypothec** to the new residential property that you purchase;

OR

**B)** the person who buys your **Property** can apply to us to assume the **Loan** and the **Hypothec**.

**You** cannot do both – **you** must decide. The terms, which apply to each of these options, are described below:

##### **A) TRANSFER OF HYPOTHEC**

**You** can only exercise the option to transfer the **Loan** and the **Hypothec** within 90 days after the sale of your **Property**.

If you purchase a new residential property (the “new property”), we may agree to finance this purchase, provided you meet the following conditions:

- 1) **You** must:
  - (a) meet **our** approval criteria for hypothecary loans;
  - (b) sign a new deed of loan to hypothecate the new property (the “new hypothec”); and
  - (c) pay all costs related to the new hypothec, namely any processing and administration fees, notarial fees and property valuation fees, and any other expenses **we** incur.

(2) If the amount to be secured by the new hypothec (the “new loan”) is the same or less than the **Secured Amounts** when you sell the **Property**, the interest rate for the new loan will be the same as the **Interest Rate** and the maturity date for the new loan will be the same as the **Maturity Date**.

(3) If the amount of the new loan is less than the **Secured Amounts** when **you** sell your **Property**, **you** must pay **us** the difference between the amount of the new loan and the **Secured Amounts** when **you** sell your **Property**.

(4) If the amount of the new loan is more than the **Secured Amounts** at the time **you** sell your **Property**, the interest rate for **your** new loan will be the same as the **Interest Rate**.

(5) **You** must pay the applicable prepayment charge and any cash back amounts owing under section 7.7 when **you** sell your **Property**.

But if **you** give **us** a new first ranking hypothec on **your** new property within ninety days of the sale, **we** will refund all or part of the prepayment charge (depending on the amount of the new loan and if **you** meet the conditions above). **We** will not refund the cash back amount repaid.

(6) If **you** wish to transfer your **Loan** and **Hypothec** and they are covered by mortgage default insurance or *HomeProtector* insurance, ask **us** to see if the insurance can also be transferred.

---

## **B) ASSUMPTION OF LOAN:**

If **you** sell or transfer the **Property**, the new owner may ask **us** permission to assume the **Loan** and the **Hypothec**.

**You** agree to provide **us** with any information **we** may require in making our decision whether or not to give such approval. **We** will examine the information and communicate **our** decision to **you**.

**We** may set certain conditions, which **you** and the new owner must meet in order to obtain such approval. Such conditions may include the signature by the new owner (with the consent of his or her spouse if required by law) of an agreement for the assumption of the hypothecary loan (in a form acceptable to **us**), whereby he or she personally assumes all **your Obligations**.

If **you** sell or transfer the **Property** or if **we** sign a new agreement with a new owner regarding the **Loan**, **you** are still required to fulfill **your Obligations**.

**You** will continue to be bound by your **Obligations** to **us** regardless of the sale or transfer of the **Property**, even if the new owner assumes your **Obligations** or makes payments on the **Loan**, unless **we** decide, at our option, to release **you** from your **Obligations**. **You** acknowledge that **we** may renew the **Loan** or come to an agreement with the new owner to modify the conditions applicable to the **Loan** without notifying **you** or obtaining **your** consent and that **you** will continue to be bound to fulfill **your Obligations**.

## GENERAL STATEMENTS

**You** agree not to sell or transfer all or part of the **Property** to a person who has not previously been approved in writing by **us**.

If **you** sell or transfer the **Property**, directly or indirectly, without **our** consent, **we** may demand the full and immediate repayment of the **Secured Amounts** and **you** will be bound to pay the prepayment charges applicable to the **Secured Amounts**.

If **we** accept payments from a new owner of the **Property** even though **we** did not approve the new owner, it will not mean that **we** have approved the sale or transfer or that **we** are waiving **our** right to claim payment from **you** of the **Secured Amounts** and any prepayment charge.

---

### 6.13 CO-OWNERSHIP CLAUSE

The following conditions apply if the **Property** forms part of an immovable owned in divided co-ownership:

#### (a) YOUR OBLIGATIONS

In addition to the **Obligations** which **you** agree to fulfill by signing the **Deed of Loan** **you** agree to:

- (i) comply with all the legislative provisions applicable to co-ownership, the declaration of co-ownership (including any amendments thereto) (the "**Declaration of Co-ownership**") and all regulations, by-laws, orders and resolutions adopted at co-owners' meetings;
- (ii) pay **your** proportionate share of all taxes, contributions to common expenses and administrative charges imposed by the syndicate of co-owners in accordance with the **Declaration of Co-ownership**. **We** may require **you** to provide proof of payment;
- (iii) pay **us**, if **we** so request, **your** contribution to the common expenses and the administrative charges imposed by the syndicate of co-owners. **We** may accept a declaration of the syndicate of co-owners as conclusive proof of the amounts due and their due dates;

- (iv) provide **us** with any notice, including notices of assessment which **you** receive from the syndicate of co-owners;
- (v) ensure that the syndicate of co-owners fulfills all its obligations under the law or the *Declaration of Co-ownership* and its by-laws;
- (vi) the **Secured Amounts** are payable on demand if:
  - (1) the divided co-ownership comes to an end;
  - (2) sale of all or a substantial part of the property of the syndicate of co-owners is authorized;
  - (3) the syndicate of co-owners does not comply with the applicable legislation, the *Declaration of Co-ownership* or the co-ownership by-laws;
  - (4) the syndicate of co-owners fails to insure the private portions and the common portions against destruction or damage by fire and other perils usually insured against, for full replacement cost;
  - (5) the syndicate of co-owners fails, in **our** opinion, to manage the co-owned property and assets in a careful way or to maintain them in good repair; or
  - (6) the syndicate of co-owners fails to insure all the private portions and common portions according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

**(b) ASSIGNMENT OF YOUR VOTING RIGHTS AND CLAIMS:**

**You** assign and convey to **us**:

- (i) all **your** voting rights under the *Declaration of Co-ownership* but **we** will not enforce such assignment unless **you** are in **Default**; and
- (ii) all **your** rights to the amounts in the funds for common expenses set up under the *Declaration of Co-ownership*, if any, but such assignment will only take effect if **we** become the owners of the **Property**. **You** agree to sign any document **we** may require to confirm such assignment.

**(c) SALE OR TRANSFER:**

If **you** sell or transfer the **Property**, in addition to respecting the other sections relating to the sale of the **Property** that are contained in the **Deed of Loan**, **you** agree to include the following terms and conditions in the sale or transfer:

- (i) that the purchaser agree to fulfill all your **Obligations** set forth in this section; and

- (ii) that the purchaser confirm the assignment to **us** of the voting rights and rights in the funds for common expenses provided for above.

**(d) INSURANCE:**

**You** and the syndicate of co-owners must comply fully with the terms of the insurance policy(ies) on the **Property**, the syndicate of co-owners and with the insurance clauses contained in the *Declaration of Co-ownership*.

In addition to fulfilling **your Obligations** relating to insurance (described in section 4.1), **you** also agree to:

- (i) insure the common portions of the buildings that form or will form part of the co-owned property if the syndicate of co-owners does not do so;
- (ii) provide **us** with proof that **your** insurance coverage and that of the syndicate of co-owners is in force with respect to the **Property**;
- (iii) notify **us** at least 30 days before the expiry of any insurance policy that is to be renewed or replaced;
- (iv) if it is legal to do so, assign **us your** interest in any insurance policy purchased by the syndicate of co-owners for the **Property**; and
- (v) make every effort to have the syndicate of co-owners comply fully with all of the above-mentioned **Obligations**.

If there are discrepancies between the insurance section contained in the **Deed of Loan** and the insurance provisions contained in the *Declaration of Co-ownership* as regards **our** use of the insurance proceeds in the event of a loss, the provisions in the *Declaration of Co-Ownership* will apply.

---

6.14 **EXPROPRIATION**

(1) If your entire **Property** is expropriated, the **Secured Amounts** will immediately become due and payable, together with any applicable prepayment charge. **You** agree to hold all amounts you are awarded for the expropriation of **your Property** in trust for **us**.

(2) If only a part of **your Property** is expropriated, **you** agree to pay to us the amount **you** are awarded for the partial expropriation and **we** will credit it to any prepayment charge applicable to that amount and to the **Secured Amounts**. Until **you** have paid **us**, **you** agree to hold the amount **you** are awarded in trust for us.

(3) If we consider that the remainder of **your Property** is not adequate security for the **Secured Amounts**, then the **Secured Amounts**, or the part of the **Secured Amounts** as **we** decide, will immediately become due and payable together with the prepayment charge applicable to that amount.

(4) Any amount **you** pay **us** because of an expropriation must include the prepayment charge applicable to that amount.

---

### 6.15 ACQUITTANCE

**We** will provide you with an acquittance for the **Loan**, if you ask us, when:

- (a) **you** have paid all amounts owing under the **Deed of Loan**, including any prepayment charge;
- (b) you have fulfilled all other **Obligations** under the **Deed of Loan**; and
- (c) **you** have paid a sufficient amount to pay the registration fee and the costs of sending the acquittance to the registry office.

If **we** give a full acquittance of the **Loan we** will no longer be entitled to enforce **our** rights under the **Hypothec**.

---

### 6.16 INTERPRETATION

Wherever the context so requires, the gender and number of words are interchangeable.

Paragraph and section headings do not form part of the Deed of Loan, but are used only for easy and convenient reference. They do not affect the construction or interpretation of the Deed of Loan.

---

## 7. PREPAYMENT OPTIONS

### 7.1 YOUR HYPOTHEC

**You** have a **Closed Mortgage**.

**You** have an **Open Mortgage**.

### 7.2 RESTRICTION

None of the prepayment options described in this section 7 apply if **you** are in **Default**.

---

### 7.3 PREPAYING AN OPEN MORTGAGE

If **you** have an **Open Mortgage**, **you** may prepay \$500 or more of the **Secured Amounts** at any time without a prepayment charge. If **you** have an **Open Mortgage** and **you** want to prepay it, you will have to repay a portion of the cash back amount you received from **us**, as set out in section 7.7.

---

*Delete inapplicable option.*

#### 7.4 ANNUAL PREPAYMENT OPTIONS

(1) If you have a **Closed Mortgage**, **you** may, once in each twelve-month period starting on the **Interest Adjustment Date** or the anniversary of that date, pay up to 10% of the **Loan**.

(2) Subject to section 7.4(4), **you** can exercise this option without notice and without paying any prepayment charge.

(3) If **you** do not exercise this option in any twelve-month period, **you** cannot carry it over to any future twelve-month period.

(4) If **you** prepay more than 10% of the **Loan**, you must pay a prepayment charge on the **entire amount** of the prepayment.

---

#### 7.5 INCREASING PAYMENTS OPTION

(1) **You** may once in each twelve-month period, starting on the **Interest Adjustment Date**, or the anniversary of that date, increase your payment by an amount that is not more than 10% of the principal and interest portion of what is or would be **your** monthly payment amount.

(2) If **you** do not exercise this option in any twelve-month period, **you** cannot carry it over to any future twelve-month period.

---

#### 7.6 PREPAYING MORE THAN 10% OF A CLOSED MORTGAGE

If **you** have a **Closed Mortgage** **you** may pay off more than 10% of the **Loan**, but **you** must pay a prepayment charge on the **entire amount** of the prepayment.

(1) The prepayment is subject to the following conditions:

(a) **You** may at any time during the **Term** prepay all or part of the **Secured Amounts**, but **you** must pay a prepayment charge calculated on the amount you prepay.

(b) The prepayment charge will be three months' interest on the amount prepaid, at the **Interest Rate**.

(2) **You** will also have to pay back a portion of any cash back amount **you** received, as called for in section 7.7, if you prepay the **Secured Amounts** in full.

(3) If **you** renew or extend the **Loan** before the end of the **Term**, or if you amend the **Interest Rate** before the end of the **Term**, **you** agree to pay a prepayment charge, calculated in the same way as in section 7.6 (1)(b) above based on the **Secured Amounts** on the date of the renewal, amendment or extension.

---

## 7.7 INCENTIVE PROGRAM

(1) We may, at **our** option, offer **you** an incentive to enter into the **Loan** with **us**. This incentive may be cash, a gift certificate or other item having a value (for example a voucher that you may redeem at a retail store). **We** will tell **you** the value of the incentive. **We** will call this a “cash back amount”. If you repay the **Secured Amounts** before the end of the **Term** or if **you** change the **Term** of the **Deed of Loan**, **you** will have to repay us a portion of the cash back amount. **You** must pay this proportionate amount in addition to any prepayment charge.

(2) Here is how **we** calculate the amount **you** must repay:

**Your** cash back amount divided by the number of months in the term, times the number of months remaining in the term (including the month in which the repayment is made).

Here is an example:

If **you** received a \$1,000 cash back amount for a 5 year (60 months) loan and repay the loan in full after 3 years (36 months), the calculation of the amount would be as follows:

$$\text{\$1,000} \div 60 \text{ months} \times 24 \text{ months remaining} = \text{\$400}$$

---

## 7.8 DOUBLE-UP® OPTION

**You** may increase your regular payment by an amount up to 100% of the principal and interest portions of your regular payment (but not less than \$100) on any payment date. This is called a “**Double-Up**”. If you have a non-monthly payment frequency, the total amount of your **Double-Up** payments in any one calendar month cannot be more than the amount of principal and interest portions of what would be **your** monthly payment. If **you** do not **Double-Up**, **you** may not save this option to be used on a later payment date.

Here is an example of how to calculate the maximum permitted monthly **Double-Up** payments for a hypothecary loan with non-monthly payments.

Weekly payments = principal and interest portions of payment x 52/12

Bi-Weekly = principal and interest portions of payment x 26/12

Semi-monthly = principal and interest portions of payment x 2

---

## 7.9 GENERAL PROVISIONS ON PREPAYMENT

(1) If **you** use any prepayment option described in section 7, the schedule of payment dates will not change. **Your** payment amounts will also not change, unless **we** automatically increase **your** payments if **your** payment is not enough to pay all accrued interest due on the payment date.

(2) **You** agree to continue to make payments until the **Secured Amounts** are paid in full.

---

## 8. DELAYING A PAYMENT

If **you** meet the conditions set out in this section, you can Skip-A-Payment®, which means not making a regular payment on its payment date.

---

### 8.1 SKIP-A-PAYMENT OPTION

(1) This part applies only if:

- (a) the **Term** is less than 10 years;
- (b) the **Loan** is not insured by CMHC (see section 8.2 for the *Skip-A-Payment* rules for CMHC insured loans); and
- (c) **you** are not in **Default**.

(2) *Skip-A-Payment* means not making a payment under the following conditions:

- (a) Once in every 12 month period during the **Term**, (starting on the **Interest Adjustment Date** or the anniversary date of the **Interest Adjustment Date**) **you** may *Skip-A-Payment* if the sum of the interest portion of the skipped payment and the **Secured Amounts** is not more than the **Loan**.
- (b) **You** may *Skip-A-Payment* up to the amount of any *Double-Up* payments made by **you**. The total amount of all skipped payments must not be more than the total of **your** *Double-Up* payments.
- (c) If **you** *Skip-A-Payment* **you** must still pay the portion of **your** payment that covers **your Taxes** and **HomeProtector Insurance Premium**.
- (d) The interest portion of any skipped payment is added to the **Secured Amounts** and interest is charged on that amount at the **Interest Rate**.

(3) **You** may repay any skipped payment at any time during the **Term**. **We** will not charge **you** any costs for repaying a skipped payment.

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### 8.2 SKIP-A-PAYMENT OPTION FOR CMHC-INSURED HYPOTHECS

(1) This part applies only if:

- (a) the **Term** is less than 10 years;
- (b) the **Loan** is insured by CMHC; and

(c) **you** are not in **Default**.

(2) If the “loan to value ratio” is equal to or less than 90%, **you** may *Skip-A-Payment* as long as the sum of the **Secured Amounts** and the interest portion of the skipped payment is not more than the **Loan**.

(a) By way of explanation, “loan to value ratio” means the ratio of the **Loan** to the lesser of:

- (i) the price paid to buy **your Property**; and
- (ii) the value of **your Property**, as **we** determine, on the date of the **Deed of Loan**.

(b) If the **Loan** is insured under CMHC’s “95% Insurance” program or any related or successor program and the loan to value ratio is more than 90%, **you** may *Skip-A-Payment* only if, after having skipped the payment, the sum of the **Secured Amounts** and the interest portion of the skipped payment is equal to or less than 90% of the “loan to value ratio”. To see whether **you** fit these conditions, **you** will need to know what the **Secured Amounts** are as a result of **your** repayments of the **Loan**. For example, Helen and Henry have a hypothec for a 5-year term, at a 6% interest rate, with a 20-year amortization period. Their house cost \$200,000 and they borrowed \$190,000 which is secured by the hypothec. Helen and Henry want to *Skip-A-Payment* in their first year as homeowners and in the fourth year. Can they do so? Follow the calculations:

	Year 1	Year 4
Loan	\$190,000	\$190,000
Value of property	\$200,000	\$200,000
Loan repaid	\$5,130	\$22,400
Secured amounts	\$184,870	\$167,580
Interest portion of skipped payment	\$1,115	\$1,105
Sum of secured amounts and interest portion of skipped payment	\$185,985	\$168,685
<b>Ratio of sum of secured amounts and interest portion of skipped payment to loan</b>	<b>98%</b>	<b>89%</b>
	<b>So they cannot Skip-A-Payment</b>	<b>So they can Skip-A-Payment</b>

because  
of a ratio  
of more  
than 90%

because  
of a ratio  
of less  
than 90%

- (c) **You** may not *Skip-A-Payment* if, as a result of the skipped payment, the original amortization period of the **Loan** would be extended or **you** have skipped the equivalent of four monthly payments at any time during the **Term** and **you** have not yet repaid them.
- (d) When **you** *Skip-A-Payment* under this part, **you** must still pay the portion of **your** payment that covers **your Taxes** and **HomeProtector Insurance Premium**. The interest portion of any skipped payment is added to the **Secured Amounts** and interest is charged on that amount at the **Interest Rate**.
- (e) **You** may repay any skipped payment at any time during the **Term**. **We** will not charge **you** any costs for repaying a skipped payment.

### 8.3 CONVERTIBLE MORTGAGE

(1) If **you** have a **Convertible Mortgage**, **you** may extend the **Term** without paying a prepayment charge as long as you have fulfilled your **Obligations** and **you** convert to one of the two terms shown below. The conversion will take place on the date we select.

(2) The terms that **you** may convert to are:

- (a) a **Closed Mortgage** having a fixed rate of interest and a term of 1 year or longer immediately prior to the conversion date; or
- (b) a **RateCapper Mortgage** at the interest rate **we** are then offering.

If you convert the term, you must repay any incentive amount as provided in Section 7.7.

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## 9. INTERVENTIONS if applicable

### 9.1 GUARANTOR – NON-OWNER SPOUSE OR THIRD PARTY

\_\_\_\_\_ intervenes in the **Deed of Loan** and, solidarily with the Borrower, agrees to pay the **Secured Amounts** under the **Deed of Loan** in full and to fulfill all the **Obligations** of the Borrower set forth therein.

The Intervenor waives the benefit of division and discussion, which means that he or she may not require **us** to demand payment from the Borrower or to exercise **our** recourses against the Borrower's assets before seeking payment from the Intervenor.



*Insert section 12  
only if the loan is  
insured by the  
CMHC*

**12. NATIONAL HOUSING ACT**

The ***Loan*** is made under the ***National Housing Act***.

**WHEREOF ACTE**

**DONE AT**

on the day, month and year first mentioned and recorded in the minutes of the undersigned notary under the number

**AND HAVING READ** this Deed of Loan, the parties hereto signed in the presence of the undersigned notary.