



BUILDERS/CONSTRUCTION MORTGAGE ADDITIONAL INSTRUCTIONS

Applicable to all Residential and Collateral Mortgages/Hypothecs

The Specific Instructions will contain information on whether this is a construction or builders mortgage and whether it is with progress advances. If the Mortgage is a construction or builders mortgage with progress advances or the Special Conditions in the Specific Instruction indicate a holdback is required, conduct at the time of each advance, all searches that you consider necessary or appropriate to give the Mortgagee an opinion that the Mortgage constitutes, or continues to constitute, a first mortgage against the mortgaged lands to the extent of monies advanced.

For the first advance, advise your client(s) to contact you. On advice from your client(s), submit your Request for Mortgage Funds (Form 3328). Most documents mentioned in these instructions are available and may be downloaded from our legal documents web site. **Note:** For electronic mandates transmitted through Assyst Real Estate (the "Platform"): (a) Our General Instructions continue to apply to this mandate. We also draw your attention to the Instructions for electronic mandates transmitted using the Platform contained on page 2 and following of our General Instructions; and (b) all required documents are available on the Platform. This means you should not download any documents from our legal documents web site.

We must obtain our own satisfactory progress advance certificate before the first advance can be made. We do not require a progress advance certificate prior to the first advance if the advance is for the purpose of purchasing the mortgaged lot or for an equity take-out against the mortgaged lot. Our Specific Instructions will indicate if the advance is for one of these purposes.

For any subsequent advances advise your client(s) to contact their Personal Banker/Mortgage Specialist/Business or Commercial Account Manager. We will not make any subsequent advances until we have received our own satisfactory progress advance certificate. You must submit your final Report on Title and Security after the final advance. Note that the number of advances is limited to five or seven. We will advise the client regarding the number of advances their mortgage will qualify for. You are to ensure that the appropriate holdback is maintained for all advances, including the final one, as required in your jurisdiction. Holdbacks are NOT required if our Specific Instructions indicate that the advance is for one of the following purposes:

- purchase of the mortgaged lot
- an equity take-out against the mortgaged lot
- payout of an existing mortgage on the mortgaged lot
- Purchase of the mortgaged property when a major renovation to an existing home on the property is included in the mortgage financing.

The builders' or mechanics' lien (legal hypothec in Quebec) holdback, in the amount specified by provincial statute, must be applied to each advance, as required. Please note that a holdback is required where a prefabricated, manufactured, panelized, mobile or modular home is delivered and affixed to the foundation. We have summarized the holdbacks applicable in your province or territory as follows:

Alberta	10%
British Columbia	10%
Manitoba	7.5%
New Brunswick	15% to 20%
Newfoundland	10%
N.W.T. and Nunavut	10%
Nova Scotia	10%
Ontario	10%
Quebec	15%
Prince Edward Island	20%
Saskatchewan	10%
Yukon	10%

For purchase transactions of a new construction, obtain a new home warranty certificate that complies with provincial legislation evidencing completion. If the client is assuming a builders mortgage, our approval will be on the Approval to Assume Mortgage and Cost of Borrowing Statement of Disclosure (Form 1040 or 1042), a copy of which will be sent to you. When the purchaser has acquired title to the property, please have 3 copies of the Residential Mortgage Assumption Agreement (Form 3337) or in Quebec the Agreement to Assume Hypothec (Form 3339) signed, including appropriate changes to the interest rate outlined on Form 1040 or 1042. Please forward 2 copies of Form 3337 or 3339 to us.

If the mortgage funds will be used to fund renovations, the Special Conditions section of the Specific Instructions will indicate the amount advanced for that purpose. You are to ensure the holdback is maintained in respect of that amount.

Prefabricated, Manufactured, Panelized, Mobile or Modular Homes

If the proceeds of the loan are to be used to finance the purchase of a prefabricated, manufactured, panelized, mobile or modular home to be affixed to the mortgaged property, ensure that there are no prior interests in the home. Download from our legal documents web site and prepare the Security Agreement (Security Interest in Consumer Goods)(Form 944), except in B.C., the Security Agreement (Chattel Mortgage for Consumer Goods) (Form 950). Register a notice of security interest pursuant to the applicable personal property security legislation prior to the advance. The registration period will be for one year. A notice of the security interest is not to be registered against title to the mortgaged property.

For freehold mortgages, the Mortgagor(s) must acknowledge that the prefabricated, manufactured, panelized, mobile or modular home to be purchased with the funds advanced will be affixed to the lands described in the mortgage, as it is the intention of the Mortgagor that the home will be a permanent fixture on the mortgaged property. This document is to be retained by you. For leasehold mortgages, ensure that the Mortgage indicates that it charges a leasehold estate. Also, see Leasehold Property provisions in the General Instructions.

Where payment is required prior to the installation of the prefabricated, manufactured, panelized, mobile or modular home unit to the foundation, we will advance an amount upon delivery of the unit to the site and as recommended by the CMHC (when CMHC Insurance is required).

We will not make any subsequent advances until we have received our own satisfactory progress advance certificate. You must also conduct at the time of each advance, all searches that you consider necessary or appropriate to give the Mortgagee an opinion that there are no interests or claims against the home that may rank ahead of the Bank's interest in the home to the extent of monies advanced. These searches must be conducted **in addition to** the searches referred to in the first paragraph of these Builder/Construction Mortgage Additional Instructions.

The final advance cannot be released until you are advised by the Bank to do so. The Bank will not permit release of the final advance until its appraiser has confirmed that the home has been affixed to the foundation. You must submit your final Report on Title and Security after the final advance.

If this is a prefabricated, manufactured, panelized, mobile or modular home in Quebec, have the Mortgagor grant an immovable hypothec on the land. In addition, see the special conditions section in the Specific Instructions.

Alberta, Saskatchewan, Manitoba, Northwest Territories and Nunavut, only

If this is a construction or builders mortgage on a completion (pre-sold) basis, you must ensure that a satisfactory final inspection has been obtained by the Mortgagee before the mortgage is advanced. In both cases (progress and completion/pre-sold), if the builder is a member of a new home warranty program, obtain the unit enrolment number and once construction is completed, a certificate of possession signed by the builder and the Mortgagor(s). If the builder is not a member of a new home warranty program, obtain a certificate of substantial completion. These certificates must either disclose no deficiencies, or only those deficiencies, which would not materially adversely affect the marketability of the mortgaged property. You must be in possession of these certificates prior to requesting the final advance.

If this is a builders' mortgage, download the Possession Notification letter (Form 4174) from our legal documents web site, complete it once the possession date is set and return it to the Mortgagee as soon as it is available. The Mortgagee may make a deduction from the approved mortgage amount for the sales holdback. This deduction, if applicable, is separate from any lien holdbacks.

B.C. only

As you know, the Mortgagor may be required to establish a holdback account. If a holdback account is required to be established, 10% of the total mortgage amount should be deposited into the Mortgagor(s)'s holdback account(s) at the time of the final draw. If the mortgage is advanced by a single advance, the holdback amount must be paid to the Mortgagor's holdback account at the time of the advance. If the value of the construction/renovation project is less than \$100,000, then you may advance all draws to the Mortgagor(s) after reminding the Mortgagor(s) of their obligation to holdback under the *Builders Lien Act*. In all instances, a Builders Lien Statutory Declaration & Direction to Pay (Form 29955) should be downloaded from our legal documents web site, prepared, signed by the Mortgagor and a signed copy provided to the Mortgagee at the time of the final draw. Please note, you are not to holdback monies on behalf of the Mortgagee for the purposes of builders' lien holdbacks.

Manitoba only

As you know, the Mortgagor may be required to establish a holdback account. If a holdback account is required to be established, the holdback amount should be deposited into the Mortgagor(s)'s holdback account(s) at the time of the final draw. If the mortgage is advanced by a single advance, the holdback must be paid to the Mortgagor(s)'s holdback account at the time of the advance. If the value of the construction/renovation project is less than \$200,000, then you may advance all draws to the Mortgagor's after reminding the Mortgagor(s) of their obligation to holdback under the *Builders' Lien Act*.

Saskatchewan only

As you know, the Mortgagor may be required to establish a holdback account. If a holdback account is required to be established, the holdback amount should be deposited into the Mortgagor(s)'s holdback account(s) at the time of the final draw. If the mortgage is advanced by a single advance, the holdback must be paid to the Mortgagor(s)'s holdback account at the time of the advance. Please note, you are not to holdback monies on behalf of the Mortgagee for the purposes of builders' lien holdbacks.

Quebec only

(1) The holdback amount may be released by you 30 days following the date of the final advance.

(2) Any costs incurred or fees charged by you for maintaining and managing the holdback account are the responsibility of our mutual client.

Construction mortgages only

(3) If this is a construction mortgage with progress advances, download the Conventional Construction Loan – Disbursement Agreement (Form 3296) from our legal documents web site, prepare it and have it signed by the Mortgagor before the first advance. Retain the Agreement in your file. We do not require a copy of the Agreement.

Centria Commerce Program only

(4) If the Specific Instructions indicate that this is a builders' mortgage registered in the **Centria Commerce** program, then the following applies:

- (a) The deed of hypothec must be presented to the Registry Office for publication as soon as possible.
- (b) You may advance the funds relating to the land prior to obtaining a location certificate. This advance will be made by the mortgage centre, upon receipt of your facsimile request. If you are not the notary acting for the purchase of the land, please telephone us.
- (c) We will make all subsequent advances via payment of invoices. You will not be involved in these subsequent advances.
- (d) Please quote the Centria Commerce reference number indicated in the Specific Instructions in all communications with us.

Insured mortgages only

(5) If this is an insured mortgage, the mortgage default insurance premium and the provincial tax on the premium, will be deducted from the first advance. Please collect the amount of the provincial tax on the premium from the Mortgagor(s) at closing.

**Builders
mortgages
only**

(6) If this is a conventional builders' mortgage with Guarantor(s), amend the applicable Deed of Residential Hypothecary Loan (Form 3991, 3992 or 3993) by replacing section 9.1 with the following. For electronic mandates transmitted through the Platform, ensure that the following text is displayed in section 9.1 of the Deed:

9.1 GUARANTOR

[*Name of Guarantor*], domiciled and resident at [],
 , 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.

If there is more than one Intervenor, each of them agrees solidarily to fulfill the **Obligations**.

This guarantee will terminate once all of the following conditions have been met:

(a) No notice of registration of a legal hypothec for the construction or renovation of an immovable, and no prior notice of the exercise of a hypothecary right, or any other entry that could negatively affect **our** rights, has been registered against the **Property**;

(b) The **Property** is sold to a person approved by us and by the **Mortgage Default Insurer**, where applicable, subject to certain conditions which 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 of the Borrower's **Obligations**;

(c) The Borrower is not in **default** under this **Deed of Loan** or under any other agreement he has entered into with **us**.