



BUILDERS/CONSTRUCTION MORTGAGE ADDITIONAL INSTRUCTIONS

Applicable to all Residential and Collateral Mortgages/Hypothecs

The Specific Instructions will contain information on whether this mortgage is a construction or builders mortgage and whether there will be progress advances. If the Mortgage is a construction or builders mortgage with progress advances or the Special Conditions in the Specific Instructions indicate a lien 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 purchase transactions of a newly constructed home, obtain a new home warranty certificate that complies with provincial legislation evidencing completion if such a certificate is available in your jurisdiction.

For the first advance, advise your client(s) to contact you regarding the date funds are required. You must then 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.

If this mortgage is an insured mortgage, the amount of the premium and any applicable taxes will be deducted from each advance. Please ensure that your client is aware of this fact as it impacts the net proceeds available to your client.

Before the first advance can be made we must receive a satisfactory progress advance certificate from a qualified inspector/appraiser and you must submit a Request for Funds (Form 3328). Please ask your client(s) to contact the Mortgagee to arrange for the inspection/appraisal. If the first advance is for the purpose of purchasing the mortgaged lot or for an equity take-out against the mortgaged lot a progress advance certificate is not required. Our Specific Instructions will indicate if the first advance is for one of these purposes.

For subsequent advances advise your client(s) to contact their Personal Banker/Mortgage Specialist/Business or Commercial Account Manager to arrange for each progress inspection. We will not make subsequent advances until we receive a satisfactory progress advance certificate for each 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. Submit your final Report on Title and Security after the final advance.

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.
- delivery of a factory built (prefabricated, manufactured, panelized, mobile or modular home) being affixed to the foundation

Except as previously noted, the builders'/mechanics' construction lien (legal hypothec in Quebec) holdback, in the amount specified by provincial statute, and must be applied to each advance. We have summarized the holdbacks applicable in your province or territory as follows:

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

Please note that we will advance the full amount of each draw to you. You are required to retain in your trust account the holdback amount required by the province in which the property is located. In the provinces in which there is a statutory requirement placed upon the owner to create a holdback account, please remind the client to create such an account and deposit the holdback amount to the account and, if the amount of the contract is below the statutory amount required by the statute for the creation of the holdback account, retain the holdback amount in your trust account (unless otherwise instructed in these instructions). If permitted by law, the holdback amount or a portion thereof may be released at the expiry of the relevant lien period and upon you completing a subsearch of title to confirm no liens have been registered. The determination of whether or not all or part of the holdback amount may be released is a question of fact and law which we leave to your discretion. All searches of title are to be completed at the cost of the borrower.

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

Assumption of Builders Mortgage

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.

*Please note that for New Brunswick and Prince Edward Island the amount of the holdback depends on the total value of the construction contract. For contracts of \$15,000 or less, the holdback is 20% of the contract price. For contracts of more than \$15,000, the holdback is 15% of the total value of the contract, subject to a minimum holdback of \$3000 for any contract over \$15,000.

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 permanently affixed to the mortgaged property, you are to complete a search under the applicable personal property security registry (in Quebec the Register of Personal and Movable Real Rights) to ensure there are no prior security 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) and in Quebec the Deed of Movable Hypothec (Form 805). Register a notice of security interest pursuant to the applicable personal property security legislation (in Quebec publish the movable hypothec in the RPMRR) 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 mortgage insurer (if mortgage insurance is required).

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 property that may rank ahead of the Mortgagee's interest in the property to the extent of monies advanced.

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. 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. Before disbursing funds obtain the registration number of the supplier (manufacturer or general contractor, as applicable) and the unit for the purpose of the Guaranteed New House Program (APCHQ or ACQ).

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

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 that has been agreed to by the builder in the loan agreement between the builder and the Mortgagee. 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, ensure such portion of the advance(s) is/are deposited as required by law. 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.

**Builder's
mortgages
only**

(5) 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**.