

Schedule "A"

(Commercial Mortgages under \$ 3,000,000 Dollars)

Additional Charge Provisions

1. Realty Taxes

If required by the Chargee, the Chargor will pay to the Chargee monthly, an amount which, in the opinion of the Chargee, is sufficient to enable the Chargee to pay the realty taxes for the charged premises on behalf of the Chargor by the date the first instalment of taxes for each year becomes due, based on the estimated annual taxes, and subject to adjustment based on taxes actually levied. The Chargee may, at its option, withhold a sufficient amount from the advance of funds under this Charge to accumulate sufficient credit in the Chargor's tax account to enable the foregoing.

Where the Chargee administers a property tax account on behalf of the Chargor (herein referred to as the "**Tax Account**") it is agreed that:

- (a) the Chargee shall allow the Chargor interest at not less than the prevailing rate published by the Royal Bank of Canada on personal savings deposits with chequing privileges, on the minimum monthly balances standing in the Tax Account from time to time to the credit of the Chargor for payment of taxes, such interest to be credited monthly to the Tax Account; and
- (b) the Chargor shall be charged interest at the rate of 2% above the Royal Bank of Canada Prime Rate on debit balances, if any, outstanding in the Tax Account after payment of taxes by the Chargee, until such debit balance is fully repaid.

The "Royal Bank of Canada Prime Rate" as used herein means the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest on Canadian dollar loans made in Canada.

2. Leases

In the case of non-residential leases, the form and content of all existing and future leases and offers to lease shall, if so required by the Chargee, be subject to the Chargee's prior approval, and all such leases shall be on market terms. On request, the Chargor will grant a specific assignment of any non-residential lease, including the rents thereunder and any guarantees or indemnities with respect thereto, to the Chargee, and if required, will have same registered in priority to all other liens, charges and assignments.

In the case of residential leases, the Chargor's standard form of residential lease shall, if so required by the Chargee, be subject to the Chargee's approval. All residential leases shall be written on the Chargor's standard form and shall be on market terms.

With respect to residential leases of the charged premises, the Chargor hereby represents and warrants that the rents payable under same are legal, that no proceedings exist which could result in a decrease in the legal rents chargeable, that no orders exist prohibiting rent increases and that no work orders exist which could result in the issuance of an order prohibiting rent increases. The Chargor covenants that it will fully comply with all applicable requirements of law in connection with the legality of rents charged at all times that this Charge is outstanding. The Chargor will indemnify and save the Chargee harmless from any and all demands, claims, damages, actions, proceedings, lawsuits, costs, expenses or payments which the Chargee may sustain or incur by reason of the inaccuracy of any of the foregoing representations or the Chargor's failure to comply with the foregoing covenant and all amounts so indemnified will be payable on demand, and if unpaid, will be added to the principal amount secured by this Charge and bear interest at the rate provided for herein from the date of the expenditure until paid in full.

3. **Property Management**

The Chargee may, at its option, require the Chargor to retain professional property management for the charged premises. In such event, or in the event of any change in the property management, both the property manager and the property management agreement, including, without limitation, the fee paid, shall be subject to the Chargee's approval.

4. **Insurance**

The Chargor shall maintain "All Risks" property damage insurance on a stated amount, replacement cost basis, with no co-insurance provision, liability insurance of at least two million dollars (\$2,000,000) and rental insurance for a period of at least 12 months with respect to the charged premises, all with a company or companies approved by the Chargee and in amounts and with endorsements and deductibles satisfactory to the Chargee. All property damage policies shall contain the standard Insurance Bureau of Canada mortgage clause (or the Canadian Boiler and Machinery Underwriters Association mortgage clause, if appropriate,) and shall show loss payable to the Chargee as first mortgagee. The Chargee shall be entitled to require from time to time that the Chargor obtain such additional insurance as the Chargee may deem advisable, acting reasonably. In the event of failure on the part of the Chargor to maintain or caused to be maintained any insurance required hereunder, the Chargee may effect such insurance and the Chargor covenants to repay to the Chargee all of the premiums paid by it, the amount thereof to be added to the principal amount secured hereby, to bear interest at the rate provided for in this Charge from the time of payment by the Chargee and to be payable on demand therefor. The Chargor will produce to the Chargee upon request evidence of payment of all premiums and other sums of monies payable for maintaining the insurance required hereunder and shall deposit with the Chargee certified copies of all policies of insurance required to be maintained hereunder and of the annual renewals thereof.

5. **Environmental Matters**

- (a) The Chargor shall indemnify and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs and expenses (including legal fees and disbursements on a solicitor and his own client basis), (collectively "Environmental Claims") occurring, imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not disclosed by any environmental audit obtained by the Chargee prior to the advance of funds hereunder and whether or not caused by the Chargor or within its control,
- (i) any actual or alleged breach of Environmental Laws relating to or affecting the charged premises,
 - (ii) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the charged premises or surrounding lands, including any personal injury or property damage arising therefrom,
 - (iii) any actual or threatened Environmental Proceeding affecting the charged premises including any settlement thereof, and
 - (iv) any assessment, investigation, containment, monitoring, remediation and/or removal of any Hazardous Substances from all or part of the charged premises or surrounding areas or otherwise complying with Environmental Laws.

The amount of any environmental claims if paid by the Chargee shall be added to the principal amount secured by this Charge and shall be payable forthwith with interest at the rate provided for in this Charge and such liability and indemnity shall survive repayment of the loan secured hereby, foreclosure upon this Charge, and any other extinguishing of the obligations of the Chargor under this Charge and any other exercise by the Chargee of any remedies available to it against the Chargor.

As used in this clause, the following words have the following meanings:

“**Hazardous Substance**” means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated by-phenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products and hazardous wastes.

“**Environmental Laws**” means all present and future laws, standards and requirements relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation, clean up or any other aspect, of a Hazardous Substance.

“**Environmental Proceeding**” means any investigation, action, proceeding, conviction, fine, judgement, notice, order, claim, directive, permit, license, approval, agreement or lien of any nature or kind arising under or relating to Environmental Laws.

(b) The Chargee or agent of the Chargee or, if this Charge is insured by Canada Mortgage and Housing Corporation (“CMHC”), any agent of CMHC, may, at any time, before and after default, and for any purpose deemed necessary by the Chargee or CMHC, enter upon the charged premises to inspect same and the buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee or CMHC (or their respective agents) may enter upon the charged premises to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee or CMHC and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the interest rate specified in this Charge, shall be a charge upon the charged premises. The exercise of any of the powers enumerated in this clause shall not deem the Chargee, CMHC or their respective agents to be in possession, management or control of the charged premises.

6. **Financial Information**

The Chargor shall provide the Chargee, within 120 days after the end of each fiscal year of the Chargor, or within 120 days after the end of each calendar year if the Chargor is an individual, an income and expense statement for the charged premises, an updated rent roll containing relevant lease terms for the charged premises, and such additional financial information as the Lender may request, all satisfactory to the Lender in form and content.

In addition, if so requested by the Chargee, the Chargor shall cause each Additional Covenantor to provide, in the case of a corporate Additional Covenantor, a financial statement within 120 days after the end of each of its fiscal years, and in the case of an individual Additional Covenantor, a personal net worth statement within 120 days of the end of each calendar year, and such additional financial information as the Chargee may request concerning any Additional Covenantor, such statements to be in form and content satisfactory to the Chargee.

If this is an insured loan, the Chargor will provide or cause the Additional Covenantors to provide such additional financial information as may be required by the insurer.

7. **Transfer of Charged Premises**

If the Chargor sells, conveys, transfers or enters into any agreement for sale or transfer of the charged premises or if 25% or more of the voting shares of the Borrower are transferred, without the prior written approval of the Chargee, in its reasonable discretion, the entire amount outstanding under this Charge together with accrued interest thereon shall, at the option of the Chargee, forthwith become due and payable.

8. **No Further Encumbering**

The Chargor shall not further charge or otherwise encumber the charged premises without the prior written consent of the Lender.

9. **No Right of Prepayment**

The Chargor acknowledges that this Charge is fully closed throughout its term and there shall be no prepayment privilege prior to maturity hereof. This clause supersedes any provisions to the contrary which may be contained in the Canada Mortgage and Housing Corporation Standard Terms incorporated into this Charge, if applicable.

10. **General Assignment of Rents and Leases**

As a general and continuing security for the payment and performance of the monies due hereunder, the Chargor hereby assigns, transfers, grants and sets over to the Chargee, as and by way of a first fixed and specific assignment and security interest, all legal and beneficial right, title and interest (i) in any and all rents, revenues and receipts of any kind from the charged premises ("Rents") now or hereafter due and payable with full power and authority to demand, collect, sue for, recover, receive and give receipts for the Rents in the name of the Chargor or the owner from time to time of the charged premises or in the name of the Chargee, as the Chargee may determine in its sole discretion, and (ii) in all present and future leases, offers to lease, subleases, licences and other agreements affecting the use, enjoyment and/or occupancy of the charged premises or any portion thereof together with all related guarantees, indemnities, and security deposits (collectively the "Leases") with full benefit and advantage thereof including the benefit of all covenants and agreements contained in the Leases on the part of the tenants therein or any guarantor or indemnitor thereof to be observed, performed or kept, including all proceeds of or from any of the foregoing. This assignment and security interest is in addition to and not in substitution for any other general assignment of the Rents and Leases and other security granted by the Chargor to the Chargee to secure the monies payable hereunder. The Chargor further covenants that if so requested by the Chargee it will grant a specific assignment of each Lease of premises in the charged premises.

11. **Fixtures and Equipment**

The Chargor covenants and agrees with the Chargee that all erections and improvements fixed or otherwise now on or put upon the said premises which are the property of the Chargor, including, without limitation, all fences, heating, plumbing, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, dishwashers, washing machines, dryers, and all apparatus and equipment appurtenant to any of the forgoing are and shall be, in addition to other fixtures thereon, fixtures and form part of the charged premises and shall be a portion of the security for the indebtedness herein mentioned. The Chargor hereby charges to the Chargee and grants a security interest in all its right title and interest in all such items as security for the monies due hereunder.

12. **Changes and Alterations**

Any major changes, additions, and/or alterations contemplated to the charged premises, including major changes in use of the charged premises and/or any proposed use of the charged premises as a hotel or similar type of accommodation, must receive the Chargee's written consent prior to the commencement of the changes, additions and/or alterations. If the Chargor changes and/or alters the charged premises or their use without the prior written consent of the Chargee being obtained, then the Chargee may, at its sole option, declare forthwith due and payable the entire balance of the unpaid principal together with the accrued interest due thereon. The Chargor will provide reasonable notice to the Chargee of any anticipated or impending transaction which would require the consent of the Chargee under this section together with such reasonable information as the Chargee may require to determine whether or not to grant its consent thereto.

13. **Disclosure**

The Chargor and each Additional Covenantor, if any, acknowledges that the loan secured hereby (or security certificates backed by or representing any interest in the loan or a pool of loans which includes the loan) may be sold or securitized into the secondary market without restriction and without notice to or consent of the Chargor or any Additional Covenantor. The Chargor and each Additional Covenantor hereby irrevocably consents to the release and disclosure of any financial or other information concerning the Chargor, any Additional Covenantor, the charged premises or the loan secured hereby in the course of any such sale or securitization.

14. **Administration Fees**

The Chargor shall pay an administration fee to the Chargee for any dishonoured cheque or pre-authorized cheque debit. The charge will automatically be debited to the Chargor's tax account balance, or sundry account, unless a separate payment of such administration fee is received with replacement cheque, or added to the preauthorized cheque debit upon reissue. The Chargee also reserves the right to charge reasonable fees for other administrative services such as, but not limited to, discharges, assumptions, transfers, payment frequency changes, mortgage statements, etc. and the Chargor agrees to pay such fees. These charges may vary from time to time and will be published in the Chargee's schedule of fees.

15. **Discharges**

The Chargee shall have reasonable period of time after receipt of payment of all monies owing hereunder to prepare, execute and deliver any discharge of this Charge.

16. **Extension of Term**

If on the maturity of this Charge the Chargor does not either discharge this Charge or enter into a renewal agreement with the Chargee, then the Chargee may, at its option, by notice in writing to the Chargor, extend the term of this Charge for a further term of six months at an interest rate equal to the Royal Bank of Canada Prime Rate (as hereinafter defined) plus 1% per annum. During such extended six month term the Chargor shall be entitled to prepay all or any part of the principal sum outstanding hereunder on 48 hours notice to the Chargee without bonus. This clause shall continue to apply at the end of each such six month extended term until the Charge has been paid in full.

"Royal Bank of Canada Prime Rate" means the annual rate of interest announced from time to time by Royal Bank of Canada or any successor thereto as a reference rate of interest then in effect for determining interest on Canadian dollar loans made in Canada and commonly known as its 'prime rate'.

17. **Guarantee (if applicable)**

The Guarantor, in consideration of the Chargee making the loan secured by this Charge and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, hereby agrees as follows:

- (a) that the Guarantor with the Chargor, as principal debtor and not as surety, will well and truly pay or cause to be paid to the Chargee all amounts owing by the Chargor hereunder for principal, interest or otherwise (the "Indebtedness") on the days and times and in manner herein limited and appointed for the payment thereof;
- (b) to unconditionally guarantee full performance and discharge by the Chargor of all the obligations of the Chargor under the provisions of this Charge at the times and in the manner herein provided;
- (c) to indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur or be or become liable for by reason of:

- (i) the failure for any reason whatsoever of the Chargor to pay the Indebtedness or to do and perform any other act, matter or thing pursuant to the provisions of this Charge; or
 - (ii) any act, action or proceeding of or by the Chargee for or in connection with the recovery of the Indebtedness or the obtaining of performance by the Chargor or any other person liable hereunder of any other act, matter or thing pursuant to the provisions of this Charge;
- (d) that the Chargee shall not be obliged to proceed against the Chargor or any other person liable hereunder or to enforce or exhaust any security before proceeding to enforce the obligations of the Guarantor herein set out and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any debt or obligation of the Chargor or any other person liable hereunder or the enforcement of any security for any such debt or obligation;
- (e) that the Chargee may grant any extension of time for payment, increase the rate of interest payable under the Charge, renew or extend the term of the Charge, make amendments, whether material or immaterial, to the Charge and terms of repayment of same, remove the whole or any part of the charged premises or other security from this Charge or otherwise deal with the Chargor, all without in any way releasing the Guarantor from his covenant hereunder;
- (f) that the Guarantor has read the Charge and is fully aware of its terms and in particular the terms of this paragraph;
- (g) that the Chargee, as it sees fit, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and all existing securities up to, and abstain from taking securities from or perfecting securities of, and may compromise, compound, and accept compositions from, and may otherwise deal with, the Chargor and all other persons liable upon any collateral or other security which the Chargee may at any time hold, without notice to the Guarantor(s) and without changing or in any way affecting the undertaking of the Guarantor(s) hereunder;
- (h) that the liability of the Guarantor hereunder shall be absolute irrevocable and unconditional and shall not be affected by:
- (i) any lack of validity or enforceability of any agreements between the Chargor and the Chargee; any change in the time, manner or place of payment of or in any other term of such agreements or the failure on the part of the Chargor to carry out any of its obligations under such agreements;
 - (ii) any impossibility, impracticability, frustration of purpose, illegality, force majeure or act of government;
 - (iii) the bankruptcy, wind-up, liquidation, dissolution or insolvency of the Chargor, the Chargee or any party to any agreement to which the Chargee is a party;
 - (iv) any lack or limitation of power, incapacity or disability on the part of the Chargor or of the directors, partners or agents thereof or any other irregularity, defect or informality on the part of the Chargor in its obligations to the Chargee;
 - (v) any other law, regulation or other circumstance which might otherwise constitute a defence available to, or a discharge of, the Chargor in respect of any or all of the obligations of the Chargor hereunder; or
 - (vi) any transfer of the ownership of the charged premises;
- (i) that all debts and liabilities, present and future, of the Chargor to the Guarantor are hereby assigned to the Chargee and postponed to the obligations of the

Chargor under this Charge, and all money received by the Guarantor in respect thereof shall be received in trust for the Chargee and forthwith upon receipt shall be paid over to the Chargee, the whole without in any way lessening or limiting the liability of the Guarantor hereunder;

- (j) that the Guarantor shall pay to the Chargee on demand all costs and expenses, including without limitation legal fees and expenses, incurred by the Chargee in connection with the enforcement of the Guarantor's obligations hereunder; and
- (k) that where there is more than one Guarantor, each Guarantor agrees with the Chargee to be jointly and severally responsible hereunder with the other Guarantors and the Chargor.

18. **Condominium (if applicable)**

In this Section "the Act" means the Condominium Act or similar Act governing condominiums or strata lots in the province of registration (as from time to time amended or replaced) and "Condominium Corporation" means the corporation created by the registration of a Declaration under the Act.

In the event the property is a condominium unit, in addition to all other provisions of this Charge, the Chargor agrees to comply with the following provisions.

- (a) The Chargor will comply with the Act and with the Declaration, by-laws and rules and regulations of the condominium corporation, as they exist from time to time.
- (b) The Chargor will pay all amounts required by the Act and by the Declaration and by-laws of the condominium corporation on or before they are due and if required by the Chargee, will provide evidence of such payment. If any such payments are not made when required, the Chargee may make such payments on behalf of the Chargor and thereafter declare the Charge to be in default.
- (c) The Chargor will mail or deliver to the Chargee, by prepaid registered mail, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand for the Chargor to consent to any matter, and every other communication relating to the charged unit or the common elements of the condominium corporation so that they are received at least 5 days before any claim or demand is payable or response required, or in the case of other communications, within 5 days of the date they are received by the Chargor.
- (d) The Chargee is hereby authorized, whether or not the Charge is in default, to exercise the right of the Chargor under the Act to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Act to the condominium corporation.
- (e) The Chargee may elect not to exercise its right to vote or consent and may so notify the condominium corporation, in which case the Chargor may vote or consent on its own behalf. The election by the Chargee not to vote or consent can be for a limited period of time or for a particular meeting or matter. Should the Chargee exercise such right to vote or consent for the Chargor, it shall not then become a chargee in possession and shall not be responsible to protect the interest of the Chargor or for the way it shall vote or consent or for any failure to do so.
- (f) At the option of the Chargee, the loan amount will become payable immediately if:
 - (i) government of the property of the condominium corporation under the Act is terminated;
 - (ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;

- (iii) the condominium corporation fails to comply with the Act, Declaration, by-laws or rules and regulations;
 - (iv) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost; or
 - (v) the condominium corporation fails, in the opinion of the Chargee, to manage the condominium property and assets in a careful way or to maintain its assets in good repair.
- (g) In addition to the insurance maintained by the condominium corporation pursuant to the requirements of the Act, the Chargor will insure all improvements which at any time are made to the condominium unit and, as well, insure against such additional risks as may be required by the Chargee, will provide the Chargee certified copies of every such insurance policy naming the Chargee as loss payee and, not less than 5 days before any policy expires, evidence of its renewal. If any loss or damage occurs the Chargor will immediately, at its expense, do everything necessary to enable the Chargee to obtain the insurance proceeds. If permitted by law, these proceeds may, at the option of the Chargee, be applied in whole or in part to repair the damage, be paid to the Chargor, or be applied to reduce any part of the loan amount whether or not yet due. The obligation to insure the condominium building may be performed by the condominium corporation and the proceeds of insurance may be payable in the accordance with the Declaration and by-laws of the condominium corporation. Upon the occurrence of a loss or damage, the Chargor will fully comply with the terms of all insurance policies and with the insurance provisions of such Declaration and by-laws.

19. **Survival**

All provisions of the mortgage commitment agreement in respect of the loan secured by this Charge, and if this is a CMHC insured loan, all provisions of the CMHC Certificate of Insurance, shall survive the execution and delivery of this Charge and any security collateral hereto and the advance of funds hereunder and shall remain in full force and effect.

20. **Severability**

If any term, covenant or obligation contained in this Charge, or the application thereof to any person or circumstance, shall be invalid or unenforceable to any extent, the remaining provisions hereof or the application of such term, covenant or obligation to such other persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or obligation contained herein and in any schedule hereto shall be separately valid and enforceable to the fullest extent permitted by law.

21. **Interpretation**

Any party referred to in this Charge as an "Additional Covenantor" shall be construed to be referred to as a "Guarantor" for purposes of this Charge and vice-versa.

In the event of any direct conflict between the terms of this Schedule and the standard charge terms incorporated into this Charge by reference, the terms of this Schedule shall govern.

If the charged premises are located in any of the Provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Nova Scotia, Prince Edward Island or Newfoundland all references herein to the terms "Charge", "Chargor" and "Chargee", and the possessive and plural forms of same, shall be deemed to be references instead respectively to the terms "Mortgage", "Mortgagor" and "Mortgagee", and the possessive and plural forms of same, as applicable.