

BC HOME Partnership

Information for:

Lenders/Mortgage Brokers

Lawyers/Notary Publics



HOUSING ACTION

BC HOME PARTNERSHIP

ELIGIBILITY CHECKLIST

- You are a Canadian citizen or a permanent resident for at least five years and have lived in BC for one year
- You are a first time home buyer
- You plan to purchase a home for \$750,000 or less
- You have at least half of the minimum downpayment required to purchase your home
- Your total household income is \$150,000 or less
- Your new home will be your principal residence

HOW TO APPLY?



For more information and how to apply, visit gov.bc.ca/housingaction

Conditions apply

What is the BC HOME Partnership program?

BC HOME Partnership assists residents of British Columbia who are eligible first-time homebuyers by providing repayable loans to be secured by a second mortgage up to a maximum of 5% of the purchase price.

The BC HOME Partnership program loan (BC HOME loan) is only available to eligible homebuyers requiring a high-ratio insured first mortgage for the purchase of their home.

Full program details, including eligibility requirements, can be found online at www.bchousing.org.

Who can qualify for a BC HOME loan?

All individuals who will hold both registered and beneficial interests in the home must meet all of the following eligibility requirements:

- Be a Canadian citizen or permanent resident for the last five years; and
- Have resided in British Columbia for the past 12 months; and
- Be a first-time homebuyer who has not owned an interest in a principal residence anywhere in the world at any time¹.

The combined, gross income of all individuals on title must not exceed \$150,000.

What types of homes are eligible for a BC HOME loan?

The home must be a legal, self-contained mortgageable residence located in British Columbia, with a maximum purchase price of \$750,000. Rental properties and seasonal/recreation properties are not eligible.

On closing, the homebuyer must become the registered and beneficial owner of the home.

The homebuyer must take possession of the home within 30 days of closing and move in within six months. The home must be occupied as the homebuyer's principal residence² for the first five years (or less if the home is sold).

Examples of eligible properties include, but are not limited to:

- detached/semi-detached homes
- row homes
- town homes
- condominium homes

¹ And has never received a first-time homebuyers' exemption or refund

² Principal residence is defined as the home that is designated (and is eligible to be designated) as the owner's principal residence for tax purposes, and where all persons registered on title live permanently for at least 6 months per year in a self-contained unit with access to all living facilities at all times to conduct their daily activities (such as: cooking, sleeping and receiving mail) and is the residential address used by the persons registered on title on documentation including but not limited to identification, vehicle registration and income tax returns.

How much BC HOME loan will a homebuyer receive?

The BC HOME loan will match the homebuyer's down payment up to a maximum of 5% of the purchase price for their home. The total down payment, including the BC HOME loan, must be less than 20% of the total purchase price.

The homebuyer is responsible for ensuring the BC HOME loan, combined with the homebuyer's down payment, meets the minimum down payment requirements to qualify for an insured first mortgage.

Is the homebuyer responsible for legal costs?

The homebuyer is responsible for all costs associated with the purchase and financing of their home, including legal costs of the homebuyer's lawyer/notary public. The homebuyer is also responsible for BC Housing's legal costs. The amount of BC Housing's legal costs will be disclosed to the homebuyer at the time of BC HOME loan approval.

Is the BC HOME loan approval conditional?

Yes, the BC HOME loan approval includes conditions, such as closing within the stated time period.

See attached Loan Approval Letter.

The homebuyer's application will be reviewed to confirm all listed applicants meet the BC HOME Partnership's eligibility requirements. Once the homebuyer enters into a Contract of Purchase and Sale, they will provide their lender with a copy of the Loan Approval letter.

Will CMHC recognize the BC HOME loan as a traditional source of down payment?

CMHC will recognize the BC HOME loan as a **non-traditional** source of down payment.

Will the BC HOME loan be registered on title?

The BC HOME loan will be secured by a **second mortgage** in favour of British Columbia Housing Management Commission (the Second Mortgage) registered on title to the home on the closing date. The principal amount secured by the Second Mortgage will be the BC HOME loan plus an amount to cover BC Housing's legal costs.

Is the homebuyer required to obtain a first mortgage?

The homebuyer must obtain approval from a first mortgage lender for a high-ratio insured first mortgage.

What are the terms of the Second Mortgage?

See attached Form B and Standard Mortgage Terms.

The term of the Second Mortgage will be 25 years. No payments on account of principal and interest will be required during the first five years of the term.

The homebuyer may repay the BC HOME loan in full or in part at any time with no penalty. As of the fifth anniversary from when the homebuyer received the BC HOME loan funds, interest will start accruing and the homebuyer will begin making monthly payments of principal and interest, amortized over the remaining 20 years (since the first five years the homebuyer was not required to make payments of principal and interest). The initial interest rate that will apply on the fifth anniversary will be established in the Loan Approval letter; a five year fixed rate will be set, equal to the current Royal

Bank of Canada Prime Rate plus 0.5%. The interest rate will be reset at the Royal Bank of Canada Prime Rate plus 0.5% at each of the 10th, 15th and 20th anniversary dates.

How will the BC HOME loan be funded?

Funds secured by the Second Mortgage will be released to the homebuyer's lawyer/notary public at closing, following the registration of the Second Mortgage. Assuming all conditions to funding have been met, the net amount the homebuyer's lawyer/notary public can expect to receive at closing will be the amount of the BC HOME loan, with BC Housing's lawyer retaining the amount required to pay for BC Housing's Legal Costs.

What is the closing procedure?

The following is a high-level summary of the process that lawyers or notaries for homebuyers should expect under the BC HOME Partnership Program:

1. BC Housing's lawyer will provide to the homebuyer's lawyer/notary public the BC Housing mortgage documents.
2. The BC Housing mortgage documents will be provided under cover letter from BC Housing's lawyer that will set forth the undertakings that the homebuyer's lawyer/notary public will be placed upon.
3. The cover letter will also include a copy of the Loan Approval letter previously provided to the homebuyer by BC Housing. The homebuyer's lawyer/notary public will need to confirm with the homebuyer that the information contained in the Loan Approval letter remains true, or to contact BC Housing's lawyer right as soon as possible.
4. The undertakings will include the following:
 - (a) no amendments are to be made to BC Housing's E-File Form B Mortgage (ie. the electronic form of the mortgage) other than to insert Application and Execution information;
 - (b) no certification or registration of BC Housing's E-File Form B Mortgage is to occur until the homebuyer's lawyer/notary public has confirmed various matters including but not limited to the name of the homebuyer on the BC Housing mortgage documents matches the name of the homebuyer on the Form A Transfer and the homebuyer's lawyer/notary public is able to confirm that all statements in their Registration Letter (defined below) are true and correct, save for registration of BC Housing's E-File Form B Mortgage; and
 - (c) once the homebuyer's lawyer/notary public has received confirmation that full registration of BC Housing's mortgage has occurred, a title search is to be provided to BC Housing's lawyer.
5. On the registration date, the homebuyer's lawyer/notary public is to provide BC Housing's lawyer with a registration letter (the "Registration Letter") confirming the registration of BC Housing's mortgage and providing copies of;
 - (a) all signed BC Housing mortgage documents;
 - (b) a tax certificate showing no outstanding amounts for property taxes or utilities;

- (c) a Form B information certificate showing no amounts owing to the strata corporation (if the property is a strata lot);
 - (d) a signed copy of the Purchaser's Statement of Adjustments; and
 - (e) a copy of the title search showing registrations as pending charges.
6. The Registration Letter will include a request for funds.
 7. If all is in order, BC Housing's lawyer will disburse the mortgage proceeds.

When will the homebuyer's lawyer/notary public receive the Second Mortgage documents for the BC HOME loan?

BC Housing's lawyer will send the Second Mortgage documents to the homebuyer's lawyer/notary public at least seven days in advance of the closing date. The homebuyer's lawyer/notary public will work with the homebuyer to have the Second Mortgage documents signed and the Second Mortgage registered on title to the home on the closing date.

[BC Housing Letterhead]

[Date]

[Address]

Attention: ◆

Dear ◆:

Re: BC HOME Second Mortgage Program
APPROVAL LETTER
File: ◆

British Columbia Housing Management Commission (“**BC Housing**”) is pleased to advise that you have been approved pursuant to the BC HOME Second Mortgage Program for a loan of \$◆ (the “**Loan**”) subject to the following conditions:

1. Your new home must be registered at the Land Title Office as follows:
 - (a) [full name of each owner]
 - (b) [occupation of each owner]
 - (c) [address of each owner]
 - (d) [joint tenancy?]
2. Your down payment for the purchase price of your new home will not be less than \$◆. *[NTD: BC Housing will be able to calculate whether the Loan meets the Program requirements]*
3. The terms of the contract to purchase your home (the “**Contract**”), a copy of which you have previously provided to BC Housing, will not be amended in any material way.
4. The closing date (the “**Closing Date**”) for the purchase of your home will not occur before ◆ and will not occur later than ◆.
5. The Loan will be secured by a second mortgage in favour of BC Housing (the “**BC Housing Second Mortgage**”) which will be registered against the title your home on the Closing Date.
6. You have been approved for a high ratio insured loan from a *National Housing Act* approved lender (the “**First Mortgagee**”) to be secured by a first mortgage which will be registered against the title to your home on the Closing Date.
7. A copy of this Approval Letter will be delivered to the First Mortgagee so that the First Mortgagee is aware of and approves of the BC Housing Second Mortgage.

In the event that you become aware that any of the above conditions will not be met, you must contact BC Housing, since this Approval Letter will no longer be valid.

The amount secured by the BC Housing Second Mortgage will be the amount of the Loan (\$◆) plus \$560 to cover BC Housing's legal fees and disbursements relating to the preparation of the BC Housing Second Mortgage documentation (\$500 fees including disbursements plus taxes = \$560).

In order to allow BC Housing to prepare the BC Housing Second Mortgage documentation, you must, no later than 14 days prior to the Closing Date for the purchase of your home, log onto **[My BC Housing Account]** and provide the following information:

- (a) any amendments to your Contract that have not been previously forwarded to BC Housing;
- (b) the name and contact information of your lawyer/notary public;
- (c) a copy of the mortgage commitment letter from the First Mortgagee;
- (d) confirmation of the purchase price for your home;
- (e) your down payment; and
- (f) the Closing Date for the purchase of your home.

[NTD: Items (d), (e) and (f) will already be known to BC Housing.]

The interest rate that will be payable by you during the sixth to tenth years of the Term of the BC Housing Second Mortgage will be ◆%, being the Prime Rate of interest charged by the Royal Bank of Canada as of the date of this Approval Letter, plus 0.50%.

BC Housing will endeavor to have the BC Housing Second Mortgage documentation forwarded to your lawyer/notary public at least 4 business days prior to the Closing Date.

If you have any questions or concerns, please contact BC HOME Second Mortgage Program staff at 604-439-4727 or 1-844-365-4727.

Yours truly,

British Columbia Housing Management Commission

**LAND TITLE ACT
FORM B (Section 225)**

MORTGAGE - PART 1 Province of British Columbia

PAGE 1 OF 2 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

[NAME OF BORROWER'S COUNSEL]

[ADDRESS OF BORROWER'S COUNSEL]

BC

Phone No.: [BORROWER'S COUNSEL]

Singleton File No.:

BCHMC File No.: [CLIENT_NUMBER_CLIENT
NAME_DATE]

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID]

[legal description]

STC? YES

3. BORROWER(S) (MORTGAGOR(S)): (including postal address(es) and postal code(s))

[NAME OF BORROWER]

[ADDRESS OF BORROWER]

BRITISH COLUMBIA

CANADA

4. LENDER(S) (MORTGAGEE(S)): (including occupation(s), postal address(es) and postal code(s))

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

1701 - 4555 KINGSWAY

BURNABY

CANADA

BRITISH COLUMBIA

V5H 4V8

5. PAYMENT PROVISIONS:

(a) Principal Amount: [MORTGAGE AMOUNT]	(b) Interest Rate: SEE SCHEDULE	(c) Interest Adjustment Date: N/A	Y	M	D
(d) Interest Calculation Period: HALF YEARLY NOT IN ADVANCE	(e) Payment Dates: SEE SCHEDULE	(f) First Payment Date: SEE SCHEDULE			
(g) Amount of each periodic payment: SEE SCHEDULE	(h) <i>Interest Act</i> (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is N/A % per annum.	(i) Last Payment Date: SEE SCHEDULE			
(j) Assignment of Rents which the applicant wants registered ? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> If YES, page and paragraph number:	(k) Place of payment: SAME AS LENDER ADDRESS IN #4 ABOVE	(l) Balance Due Date: SEE SCHEDULE			

6. MORTGAGE contains floating charge on land ?
 YES NO

7. MORTGAGE secures a current or running account ?
 YES NO

8. INTEREST MORTGAGED:
 Freehold
 Other (specify)

9. MORTGAGE TERMS:

Part 2 of this mortgage consists of (select one only):

- (a) Prescribed Standard Mortgage Terms
- (b) Filed Standard Mortgage Terms
- (c) Express Mortgage Terms

D F Number: [NTD:TO BE COMPLETED ONCE FILED]
 (annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms referred to in item 10 or in a schedule annexed to this mortgage.

10. ADDITIONAL OR MODIFIED TERMS:

SEE SCHEDULE

[NTD: item 8 above to be amended if interest in land is leasehold-REMOVE THIS NOTE UPON COMPLETION OF THE FORM B]

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

SEE SCHEDULE

12. EXECUTION(S): This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)

Execution Date

Y	M	D

Borrower(s) Signature(s)

 [NAME OF BORROWER]

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

**LAND TITLE ACT
FORM E**

SCHEDULE

Enter the required information in the same order as the information must appear on the Freehold Transfer form, Mortgage form, or General Instrument form.

5. PAYMENT PROVISIONS:

(b) Interest Rate:

From the Date of Advance to the Fifth Anniversary no interest will be payable on the Principal Amount; thereafter, the Interest Rate shall be revised every five years, as set out below.

Commencing on the Fifth Anniversary and continuing for the following five years, interest will be payable on the outstanding balance of the Principal Amount from time to time, calculated at the rate of _____%.

Thereafter, sixty (60) days prior to each of the tenth, fifteenth and twentieth anniversaries of the Commencement Date (each of which are referred to herein as an "Interest Rate Recalculation Date"), the Interest Rate for the ensuing five years of the Term will be revised, and will be equal to Prime as at such Interest Rate Recalculation Date plus 0.50%, calculated semi-annually, not in advance.

(e) Payment Dates:

Commencing the month next following the Fifth Anniversary, monthly payments will be payable and will continue to be payable on the FIRST day of each and every month during the balance of the Term or until the Indebtedness has been paid in full, whichever event shall first occur.

(f) First Payment Date:

The first day of the calendar month next following the Fifth Anniversary.

(g) Amount of each periodic payment:

Each periodic payment shall be a blended payment of principal (calculated on a 20 year amortization commencing on the Fifth Anniversary) plus interest at the Interest Rate from time to time. From the Fifth Anniversary to and including the tenth anniversary of the Commencement Date, each such payment shall be in the amount of \$_____. Thereafter the amount of each payment for each ensuing five-year period shall be fixed by the Lender at each Interest Rate Recalculation Date.

(i) Last Payment Date:

The twenty-fifth anniversary of the Commencement Date.

(l) Balance Due Date:

The twenty-fifth anniversary of the Commencement Date.

10. ADDITIONAL OR MODIFIED TERMS:

The Borrower has the right to prepay all or any part of the Indebtedness at any time upon giving the Lender 15 days' notice.

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

[◆ *list charges on title*]

Mortgage and an assignment of rents, if applicable, in favour of ◆ filed in the Land Title Office on the same day immediately preceding the registration of the Mortgage Form in favour of the Lender.

END OF DOCUMENT

DRAFT

STANDARD MORTGAGE TERMS

Filed by: British Columbia Housing Management Commission

Address: 1701 – 4555 Kingsway
Burnaby, BC V5H 4V8

Reference Date: January ◆, 2017 [date of registration]

Mortgage Part 2

This set of standard mortgage terms will be deemed to be included in and form part of every mortgage, which incorporates these standard mortgage terms, by an election in the Mortgage Form. The Mortgage is made pursuant to the *Land Transfer Form Act*, R.S.B.C. 1996.

SECTION 1 DEFINITIONS

1.1 In these standard mortgage terms:

- (a) “**Balance Due Date**” means the date defined in item 5(l) on page 1 of the Mortgage Form;
- (b) “**Borrower**” means the person or persons named in the Mortgage Form as a borrower;
- (c) “**Borrower’s Address**” means the postal address of the Borrower specified in the Mortgage Form or the most recent address stipulated by a written notice given under these standard mortgage terms by the Borrower to the Lender;
- (d) “**Commencement Date**” means the Date of Advance if the Principal Amount is advanced on the first day of a calendar month, or otherwise the first day of the calendar month next following the Date of Advance;
- (e) “**Compound Interest**” means interest calculated and compounded semi-annually on the outstanding balance of the Principal Amount from time to time and on any unpaid interest;
- (f) “**Court**” means a court or judge having jurisdiction in any matter arising out of the Mortgage;
- (g) “**Date of Advance**” means the date of advance of the Principal Amount under

the Mortgage;

- (h) “**Default**” includes each of the events of default specified in section 11 and any other event of default specified in these standard mortgage terms;
- (i) “**Fifth Anniversary**” means the fifth anniversary of the Commencement Date;
- (j) “**Indebtedness**” means any monies due and payable under the Mortgage, including the Principal Amount;
- (k) “**Interest Rate**” means the rate specified as the “Interest Rate” in item 5(b) on page 1 of the Mortgage Form;
- (l) “**Interest Act**” means the *Interest Act*, R.S.C., Chap. I-15;
- (m) “**Interest Calculation Period**” has the meaning set out in item 5(d) on page 1 of the Mortgage Form;
- (n) “**Land**” means the land described in item 2 on page 1 of the Mortgage Form, including all buildings, improvements and fixtures that are now or later attached to that land;
- (o) “**Lender**” means British Columbia Housing Management Commission and includes any person to whom the Mortgage is transferred by British Columbia Housing Management Commission;
- (p) “**Lender’s Address**” means the postal address of the Lender specified in item 4 on page 1 of the Mortgage Form or the most recent address stipulated in a written notice given under these standard mortgage terms by the Lender to the Borrower;
- (q) “**Loan Payment or Loan Payments**” means the “Amount of each periodic payment” specified in item 5(g) on page 1 of the Mortgage Form;
- (r) “**Maturity Date**” means the earlier of the “Balance Due Date” specified in item 5(l) on page 1 of the Mortgage Form or such date on which the Lender lawfully demands payment of the Indebtedness;
- (s) “**Mortgage**” means together the Mortgage Form and these standard mortgage terms;
- (t) “**Mortgage Form**” means the Form B under the Land Title (Transfer Forms) Regulation signed by the Borrower and all schedules and addenda to the Form B;

- (u) **“Payment Dates”** means each of the “Payment Dates” specified in item 5(e) on page 1 of the Mortgage Form;
- (v) **“Permitted Encumbrances”** means the prior charges referred to in item 11 on page 2 of the Mortgage Form;
- (w) **“Place of Payment”** means the “Place of Payment” specified in item 5(k) on page 1 of the Mortgage Form or any other place stipulated by a written notice given by the Lender to the Borrower under the Mortgage;
- (x) **“Prime”** means that rate of interest per annum published by the main branch of the Royal Bank of Canada in Vancouver as its reference for setting rates of interest on loans in Canadian Dollars to customers in Canada and referenced as its “Prime Rate”;
- (y) **“Principal Amount”** means the amount of money specified as the “Principal Amount” in item 5(a) on page 1 of the Mortgage Form and includes all money that is later added to the Principal Amount under these standard mortgage terms;
- (z) **“Prior Charge”** includes any charge, lien, mortgage, or claim against the Borrower or the Land which at any time has priority over the Mortgage, or in respect of which priority is claimed;
- (aa) **“Taxes”** includes all taxes, rates or assessments of every kind which are payable in connection with the Mortgage or the Land or its use and occupation; and
- (bb) **“Term”** means that period of time commencing on the Date of Advance and ending on the Balance Due Date.

SECTION 2 GRANT OF MORTGAGE

- 2.1 The Borrower grants and mortgages the Land to the Lender as security for the payment of the Indebtedness and for the performance of the Borrower’s covenants and agreements under the terms of the Mortgage.

SECTION 3 INTEREST

- 3.1 The Indebtedness will not bear interest prior to the Fifth Anniversary, and otherwise interest shall be calculated and paid as stated in item 5 on page 1 of the Mortgage Form.

**SECTION 4
COMPOUND INTEREST**

- 4.1 Compound Interest will be payable both before and after Default, maturity and judgement.

**SECTION 5
REPAYMENT**

- 5.1 The Borrower will, on each of the Payment Dates, pay to the Lender the Loan Payments at the Place of Payment. Each Loan Payment will be applied first, to pay any interest due and payable and second, to reduce the Principal Amount. The Borrower will pay the balance of the Indebtedness on or before the Maturity Date.

**SECTION 6
PREPAYMENT**

- 6.1 The Borrower has the right to prepay all or any part of the Indebtedness at any time upon giving the Lender fifteen (15) days' notice.

**SECTION 7
BORROWER'S REPRESENTATIONS AND WARRANTIES**

- 7.1 The Borrower represents and warrants to the Lender that prior to the advance of the Principal Amount:
- (a) the Borrower will be the sole legal and beneficial owner of the Land;
 - (b) the Borrower will have good and marketable title in fee simple to the Land, subject only to the Permitted Encumbrances; and
 - (c) the Borrower will have the right to convey and mortgage the Land to the Lender subject only to the Permitted Encumbrances.

**SECTION 8
BORROWER'S COVENANTS**

- 8.1 The Borrower covenants with the Lender that:
- (a) the Borrower will comply with all the covenants, terms and conditions of the Mortgage and any Prior Charge;
 - (b) the Borrower will pay Taxes when due and on request, will deliver to the Lender receipts for payment of Taxes and all notices or statements with respect to Taxes;
 - (c) from the Date of Advance to the Fifth Anniversary, the Borrower will use and occupy the Land as his or her principal residence;
 - (d) the Borrower will not use or permit the Land to be used for illegal purposes;

- (e) every building and improvement on the Land and their use shall at all times comply with all municipal, civic or provincial building, zoning and siting bylaws and every order of a fire marshal or health inspector;
- (f) the Borrower will keep the Land in good condition and repair and will make all repairs to the Land reasonably required by the Lender;
- (g) the Borrower will not do anything that will result in the value of the Land being decreased;
- (h) the Borrower will advise the Lender, in writing, of any material change in the financial or other circumstances of the Borrower, including any transfer or agreement to transfer ownership of the Land, and will furnish the Lender with any additional information in connection with such material change as the Lender may request;
- (i) the Borrower will pay to the Lender when requested to do so all expenses and costs incurred by the Lender to protect the Lender's security and right to be paid the Indebtedness under the Mortgage. These expenses and costs include the payment of legal fees and disbursements on an indemnity basis and the cost of the time and services of the Lender and the Lender's employees and agents, relating to:
 - (i) preparing the Mortgage and all related documents including all necessary steps to advance and secure the Indebtedness;
 - (ii) enforcing the terms of the Mortgage including efforts to compel the Borrower to perform the Borrower's obligations under the Mortgage;
 - (iii) collecting and attempting to collect the Indebtedness secured by the Mortgage;
 - (iv) doing anything which the Borrower has agreed to do but has not done; and
 - (v) preparing and signing a discharge of the Mortgage and of any other document given to secure repayment of the Indebtedness, whether such discharge is prepared by the Lender, the Borrower or any other person;
- (j) the Borrower will sign such other documents that the Lender reasonably requires to ensure that payment of the Indebtedness is secured by the terms of the Mortgage; and
- (k) the Borrower releases to the Lender all of the Borrower's claims to the Land subject to the proviso in section 2.1.

**SECTION 9
ENVIRONMENTAL**

- 9.1 The Borrower will at all times comply with all applicable laws, regulations and orders of all governing authorities relating to environmental, health and safety matters.
- 9.2 If the Land is found to contain any urea-formaldehyde foam insulation, asbestos, or other hazardous or noxious substance, the Borrower will immediately remove the same.
- 9.3 The Borrower will indemnify and save the Lender harmless from all costs and expenses of any kind, including reasonable legal fees and disbursements, to which the Lender is put as a result of a breach of the Borrower's covenants contained in sections 9.1 and 9.2.
- 9.4 The indemnity contained in section 9.3 will survive the Term and will continue to be in full force and effect.

**SECTION 10
LENDER'S COVENANT**

- 10.1 The Lender covenants with the Borrower to execute within a reasonable time, at the Borrower's cost, a discharge of the Mortgage and any other document given to secure repayment of the Indebtedness when the Borrower has performed all the Borrower's covenants and agreements contained in the Mortgage and all money secured by the Mortgage has been paid. The Borrower is responsible for registration of the discharge.

**SECTION 11
DEFAULT**

- 11.1 A Default occurs under the Mortgage if:
- (a) the Borrower does not pay to the Lender the Indebtedness in accordance with the terms and conditions of the Mortgage;
 - (b) the Borrower breaches or threatens to breach any other covenant or agreement contained in the Mortgage;
 - (c) the Borrower makes any false statement to the Lender in connection with the Borrower's application to be approved by the Lender for the purposes of the Mortgage;
 - (d) the Borrower becomes bankrupt or insolvent;
 - (e) the Land or any part of it is expropriated;

- (f) the Borrower does not discharge any claim of lien or judgement registered against the title to the Land in the Land Title Office within thirty (30) days of its registration;
- (g) the Borrower further encumbers the Land without the express written consent of the Lender; or
- (h) the Borrower sells or agrees to sell all or part of the Land.

SECTION 12 ACCELERATION

If a Default occurs, the Indebtedness will, at the Lender's option, immediately become due and be payable.

SECTION 13 LENDER'S REMEDIES

- 13.1 If a Default occurs, the Lender may, at the Lender's option, and in any order that the Lender chooses, do any one or more of the following:
- (a) demand payment of the Indebtedness;
 - (b) take all legal proceedings to collect the Indebtedness and to enforce all the Borrower's covenants and agreements contained in the Mortgage, and, without limiting the foregoing, to claim and enforce all rights and remedies available to the Lender at law or in equity;
 - (c) apply to the Court for an order that the Land be sold on terms approved by the Court; and
 - (d) apply to the Court to foreclose the interest of the Borrower and any successor in title in the Land to the Land so that when the Court makes its final order of foreclosure, the interest of the Borrower in the Land and any successor in title to the Land will be absolutely vested in and belong to the Lender or other person ordered by the Court.
- 13.2 In any judicial proceeding taken by the Lender for the realization of the Indebtedness by sale or foreclosure, the interest accruing upon the Indebtedness and owing from and after the date of commencement of the proceedings will be fixed and determined at the Interest Rate which was applicable hereunder on the day immediately prior to the date of commencement of the proceeding.
- 13.3 The Lender may cure in whole or in part any Default under the Mortgage and any default

under a Prior Charge or pay any money expressed to be due under a claim of lien and pay Taxes when due and any money so paid by the Lender will be paid by the Borrower to the Lender on demand.

- 13.4 No waiver or failure to enforce any of the Lender's rights under the Mortgage will prejudice the rights of the Lender on any future occasion.

SECTION 14 CONDOMINIUM PROVISIONS

- 14.1 If the Land is or becomes a strata lot created under the *Strata Property Act*, S.B.C. 1998, c. 43, the following provisions will apply:
- (a) the Borrower will pay when due all money owing to the strata corporation;
 - (b) the Borrower will comply with, observe and perform all of the provisions of the *Strata Property Act* and the by-laws, rules and regulations of the strata corporation;
 - (c) the Borrower grants to the Lender the Borrower's power to vote at all meetings of the strata corporation so far as the *Strata Property Act* permits but if the Lender does not exercise such power the Borrower may do so;
 - (d) at the request of the Lender the Borrower will deliver promptly to the Lender a copy of every document to which the Borrower is entitled under the *Strata Property Act* or the by-laws of the strata corporation;
 - (e) the Borrower appoints the Lender to be the Borrower's agent to inspect or obtain copies of all records or other documents of the strata corporation that the Borrower is entitled to inspect or obtain; and
 - (f) if the strata corporation transfers, charges or adds to its common property or amends its by-laws without the consent of the Lender and if, in the opinion of the Lender, the value of the Land is thereby reduced, the Indebtedness will become due on demand.

SECTION 15 LEASEHOLD INTEREST

- 15.1 If the Borrower's interest in the Land is a leasehold interest, then the grant and mortgage herein will be construed as a grant or mortgage of the unexpired term of the lease, less the last day of the term of the lease, the representations and warranties contained in subsections 7.1(a) and 7.1(b) of these standard mortgage terms will not apply and the provisions of section 15.2 will apply instead.

- 15.2 The Borrower represents and warrants to the Lender that prior to the advance of the Principal Amount:
- (a) the lease will be a good, valid and subsisting lease and has not been surrendered, forfeited, amended, or become void or voidable and the rents and covenants reserved under the lease have been duly paid and performed by the Borrower up to the date of execution of the Mortgage;
 - (b) the Borrower will be the sole tenant of the Land;
 - (c) the Borrower will have the right to charge and sublet the Borrower's leasehold interest in the Land to the Lender in the manner herein provided and, if required, has obtained the landlord's consent to the Mortgage; and
 - (d) neither the Borrower nor any other person will have made, done, or suffered any act to encumber the lease or any part thereof, save and except as provided in the Permitted Encumbrances.
- 15.3 The Borrower covenants with the Lender that during the continuance of the Mortgage, the Borrower will not amend or surrender the lease without the written consent of the Lender and will pay the rent reserved by the lease and perform and observe the covenants, provisos, and conditions contained in the lease on the Borrower's part to be performed and observed.

SECTION 16 PRIORITY

- 16.1 The Mortgage has priority over all other mortgages, charges, liens or claims which are granted or created against the Land subsequent to the date of registration of the Mortgage notwithstanding the respective date of creation, execution, delivery, registration and advance of funds under the Mortgage and such other mortgages, charges, liens or claims.

SECTION 17 GENERAL PROVISIONS

- 17.1 Neither the execution nor the registration of the Mortgage will bind the Lender to advance any of the Principal Amount.
- 17.2 The Lender will not be responsible to maintain or preserve the Land or to account for any money not actually received by the Lender.
- 17.3 Nothing done by the Lender nor any provision of the Mortgage will make the Lender a "mortgagee in possession".

- 17.4 A sale of the Land by the Borrower does not relieve the Borrower from the obligation to perform all of the Borrower's obligations under the Mortgage.
- 17.5 If all or any part of the Land is expropriated then all compensation or payments made for such expropriation will be paid to the Lender towards payment of the Indebtedness and the Borrower assigns the right to receive such compensation or payments to the Lender.
- 17.6 If any of the terms of the Mortgage are invalid or unenforceable in whole or in part then such invalid or unenforceable provision, covenant or agreement or part thereof will be severed from and not affect the validity or enforceability of the remainder of the Mortgage.
- 17.7 The Borrower gives up any statutory right to require the insurance proceeds to be applied in any particular manner.
- 17.8 Any notice required or desired to be given by one party to the other may be given by delivery or by regular mail to the Borrower's Address or the Lender's Address as the case may be and such notice, if given by mail, will, in the absence of a threatened or actual postal disruption, be deemed to have been received five (5) days after mailing. In the event of a threatened or actual postal disruption any notice will be given by delivery to the party to whom it is to be given and the notice will be deemed received on the day it is delivered.
- 17.9 Any reference in the Mortgage to a statute will include any successor statute and its amendments and regulations in force from time to time.
- 17.10 Time is of the essence of the Mortgage.
- 17.11 If any part of the Mortgage is comprised of two or more persons then all covenants will be joint and several.
- 17.12 The use of the singular or either gender in the Mortgage will include the plural, other gender, body corporate or politic where appropriate.
- 17.13 The Mortgage will be binding on the Borrower and on the Borrower's executors, administrators, assigns and successors in title.
- 17.14 The Lender may assign the Mortgage without the consent of the Borrower and the Borrower irrevocably agrees that the Lender may collect, use and disclose all personal information included in or relevant to the Mortgage (including credit and Default information) with respect to the Borrower in connection with such assignment or collection or enforcement proceedings in respect of the Mortgage.

17.15 Nothing contained in the Mortgage will create any relationship between the Lender and the Borrower other than that of a lender and a borrower, and the Lender does not in any way or for any purpose become a partner with the Borrower, or a joint venturer or a member of a joint or common enterprise with the Borrower, nor is the relationship of principal and agent created by the entering into of the Mortgage.

END OF DOCUMENT

DRAFT