

**DEED OF IMMOVABLE HYPOTHEC**

On this day, the \_\_\_\_\_ of \_\_\_\_\_

BEFORE Maître \_\_\_\_\_

Notary at \_\_\_\_\_

APPEARED: \_\_\_\_\_

B2B BANK, a bank governed by the Bank Act, having its head office at 199 Bay Street, Suite 600 PO Box 279 STN Commerce Court Toronto ON M5L 0A2, whose establishment directly concerned for the purpose hereof is located at

\_\_\_\_\_

Herein duly represented by \_\_\_\_\_

Duly authorized for the purpose hereof under the terms of a resolution of the Bank’s board of directors dated \_\_\_\_\_, a copy of which is attached hereto.

Notice of address being registered at the Registry Office of the Registration Division of \_\_\_\_\_ under number 6 001 959

Hereinafter the “Bank”

AND

\_\_\_\_\_

Hereinafter referred to as “you” or the “borrower”

**1. LOAN**

For the purposes, you hereby acknowledge that the Bank is committed to providing you with financing terms and conditions hereinafter referred to as the "Loan", including, without limitation:

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as said loan(s) may be replaced, renewed, refinanced, readvanced, assumed, extended, modified, substituted or reformulated or any other loan made under one or several present and future financing agreements or assumed under an assumption agreement that have been or will be duly accepted by you,

The said Loan may be granted to you through any financing contract, offer or document allowing for the granting of a loan, advance, disbursement, credit opening, construction loan, renewal, assumption or any other banking transaction concluded between the Bank and you, including, without limitation, the financing agreement(s) referred to in the previous paragraph, as replaced, renewed, assumed, extended, modified, substituted or reformulated from time to time (hereinafter referred to collectively as the "Financing Agreement").

The terms and conditions governing the Loan, such as the amount granted by the Bank for each Financing Agreement, the disbursement date, the interest rate payable and the terms of repayment, will be agreed upon from time to time by the parties and will be duly stipulated in the Financing Agreement.

The Loan includes all sums payable or to become payable by you in principal, interest, fees and accessories under the Financing Agreement.

Hypothecs and other guarantees prescribed herein will assure the Bank as to the reimbursement of any present debt contracted under Financial Agreement, in principal and interest, fees and accessories, and all clauses stipulated in this deed will apply with such modifications as are necessary *mutatis mutandis* to the aforementioned. Accordingly, hypothecs and other rights created under this deed shall not be terminated following the total or partial repayment of the debt and will remain in force to secure any debt up to such time until it is discharged by a deed signed by the Bank. The reimbursement, extension or modification of the Financing Agreement will not effect novation, despite any law or adverse usage.

**2. HYPOTHEC**

To secure the repayment of the Loan and the exercise of all your obligations under this deed and Financing Agreement, or of any other present and future obligations, you hereby hypothecate in favour of the Bank, for an amount of \_\_\_\_\_ dollars (\$ \_\_\_\_\_) plus the interest thereon at a rate of twenty-five percent (25%) per annum, the immovable hereinafter described, including any movable property, present and future, incorporated with, attached or joined to the immovable and considered immovables under the law (hereinafter the "Immovable"), the universality of the movable property corporeal and incorporeal presently or at any time placed in the Immovable for the purpose of carrying on an enterprise or activities in the Immovable, except inventories, if any, and all leases, present and future, affecting the Immovable and all rents and revenues generated by the Immovable and including without limitation, all rights in the contracts, permits and licences related to this Immovable and all rights, title and interest in the settlement, proceeds, profits and other indemnities payable under any insurance policy covering the Immovable and movable property.

DESCRIPTION

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Hypothecs provided for in this section are hereinafter referred to collectively as the "Hypothec".

This Hypothec is a continued guarantee that you shall respect all your obligations despite any modifications made to the terms and conditions of the Financing Agreement or any renewal, extension or modification of the Financing Agreement.

Despite the fact that the Bank has not yet disbursed the Loan in your favour and that it is not required to do so, the Hypothec created by this deed will be in effect as of the date herein to secure the repayment of any sum to be disbursed by the Bank under this deed and the Financing Agreement.

**3. ADDITIONAL HYPOTHEC**

To secure the repayment of any amount owing to the Bank in principal, interest, fees and accessories (including any prepayment penalty or fees incurred for the maintenance of the Immovable and collection of the Loan) which could be greater than the sum referred to in Paragraph 2 "HYPOTHEC", you hypothecate, in favour of the Bank, the hypothecated property for an additional amount equal to twenty percent (20%) of the sum stated in Paragraph 2 "HYPOTHEC".

#### **4. ADMINISTRATION OF THE IMMOVABLE**

You shall collect the rents in a diligent and proficient manner and undertake to follow, in this respect, all instructions given to you by the Bank. You may not lease the Immovable or a part thereof for a rent significantly lower than its rental value. You agree neither to grant any hypothec or assignment of rents in favour of third parties, nor to receive any rent in advance.

You undertake to deliver to the Bank, upon request, all the leases and other documents relating to the administration of the Immovable as well as any insurance policy covering its rents.

Until notified to the contrary by the Bank, you shall collect the rents and revenues arising from the Immovable. At any time, the Bank may serve you and the lessees a notice stipulating that it will thenceforth collect the rents. You shall then immediately hand over to the Bank all documents deemed necessary or useful by the latter in collecting the rents, along with any monies or commercial paper handed over to you prior to the receipt of such notice or handed over to you thereafter. The Bank shall then be entitled to a reasonable collection commission, which it may deduct from any sum collected. You undertake to collaborate with the Bank to facilitate the collection of the rents. The Bank shall not be held liable for any damage or loss resulting from the exercise of the rights referred to in this deed or its default in collecting the rents.

#### **5. INSURANCE AND INDEMNITIES**

Until full repayment of the Loan, you shall insure the Immovable (including improvements or additions which may be made to the Immovable and all operating assets and keep them insured, at your expense, against fire and any damage usually covered by an all risk policy up to its full replacement value, without a coinsurance clause, but never for an amount lower than that of the Loan. You shall further obtain insurance covering the loss of revenue resulting from a loss to the Immovable. The Bank may require any other insurance policy or supplementary coverage it shall deem necessary provided that such insurance is considered necessary, standard, useful or convenient by the Bank under the circumstances. Any policy must be contracted with creditworthy insurers so authorized by law to practice in the province of Québec.

The Bank is hereby designated as the beneficiary of any indemnities payable under the policies (hypothecary clauses). You shall remit to the Bank an insurance policy compliant with Bank requirements which indicates that the Bank is the designated beneficiary and which includes standard protection clauses in favour of hypothecary creditors. You must also deliver to the Bank, at least thirty (30) days prior to the expiry date, proof of policy renewal.

You and your insurers shall waive any recourse of subrogation towards the Bank.

Should you fail to fulfil such insurance obligations, the Bank may conclude such insurance contracts as it deems appropriate to its sole benefit and at your expense. In the event of a loss, you shall promptly notify the Bank. You shall further prepare a detailed statement of the damage, which shall be sent to the insurers with a copy to the Bank. You shall allow the Bank to inspect the premises and shall not prevent it from submitting its proof of loss.

You expressly authorize the Bank to conclude any arrangement, agreement or transaction with the insurers. The Bank shall receive the indemnity directly from the insurers up to the amount owed to it and without your intervention. The receipt of such indemnity shall not affect the Hypothec and other rights of the Bank.

Notwithstanding the foregoing, the parties hereto agree to be bound by the stipulations as to the insurance contained in any emphyteutic lease, the whole without prejudice to the rights of the Bank to receive the proceeds of any insurance policy.

#### **(Special conditions applicable to multi-dwelling immovable properties (loan exceeding \$500,000))**

In addition to the foregoing, you must obtain, maintain and provide the Bank, until full Loan repayment, the insurance coverage stipulated hereafter, the latter being to the Bank's full satisfaction:

i) All risks insurance (all risks coverage) including earthquake, flood, water damage in an amount of not less than \$30,000; By-Laws coverage (including the increased cost of construction) if applicable. The limit of insurance must reflect 100% of the replacement cost value as justified by an Immovable evaluation performed by an accredited appraiser (the value must include the foundations). Should the Loan be insured by the CMHC, the reconstruction value shall be set at \$80,000 per unit.

ii) Equipment breakdown insurance (comprehensive coverage) providing coverage on all electrical, mechanical equipments and pressure vessels with a limit based on the highest of the full replacement value or the replacement cost of the equipment including the standard mortgage clause approved by the Canadian Boiler and Machinery Underwriters Association. Rental income stipulated below shall be added to said insurance policy.

iii) General liability insurance including contractual liability, non-owned automobile liability with a limit of not less than \$2,000,000 per event with respect to bodily injury, property damage and personal injury and a minimum annual limit of \$2,000,000 per year for products and completed operations. A pollution rider (restricted coverage) is applicable for a minimum of \$500,000 if an oil tank is present.

iv) Business interruption insurance – gross earnings form, resulting from damages insured under all risks and equipment breakdown policies. This coverage will provide an indemnity period of twenty-four (24) months minimum.

or

v) Rental insurance covering rental income (broad form) for an amount equal to at least 100% of the annual gross rental income. This coverage will provide an indemnity period of twelve (12) months minimum.

vi) In the event of a construction project, builders' risk insurance covering the duration of Immovable property construction.

## **6. LAND CHARGES AND OTHER PRIOR CLAIMS**

You undertake to pay at maturity and without subrogation, all taxes, assessment amounts due under tax laws and federal, provincial, municipal and school charges, general or special, real property or emphyteutic annuities, contributions to common expenses for the purpose of a divided co-ownership, and other claims that may or shall at all times affect and charge the Immovable by priority over the rights of the Bank, hereinafter referred to as the "land charges" and you shall deliver to the Bank, where applicable, within thirty (30) days of the due date of the land charges, the receipts proving full payment.

However, if the Bank so requests, you undertake to make regular payments to the Bank, at the dates set by the latter, of an amount sufficient to pay for the appraisal to be ordered by the Bank, or any property taxes which may affect the Immovable during the next twelve (12) months. The Bank shall base its estimate on the last property tax bills and may revise it from time to time. You shall deliver immediately to the Bank all statements and documents that you may receive with respect to the property taxes. The Bank shall at no time be liable for any damages that may result from its default to pay such taxes.

Any sum so accumulated by the Bank under paragraph 2 herein shall be retained by the Bank in order to guarantee the payment of property taxes. When taxes are due, if the amount thus accumulated is not sufficient to pay such taxes, you shall immediately make up the difference upon request. In the event of a surplus, you may keep it to pay future property taxes. The Bank may, at its sole discretion, advance the sums necessary to pay the property taxes, and the indebtedness shall then be increased accordingly. The interest shall then correspond to the rate prescribed in the Financing Agreement. If the Loan amount has not been fully disbursed, the Bank is authorized, at all times, to pay these taxes by making disbursements under this Loan, without your intervention.

## **7. ALIENATION**

You shall be committed to inform the Bank, beforehand and in writing, of any sale, transfer or alienation, in whole or in part, of the Immovable or of the right you have with respect to the Immovable. In the event of such a sale, transfer or alienation, the Bank may require, at its sole discretion, the immediate repayment of the Loan, plus any amount which could be owing to the Bank under these presents or the Financing Agreement, or authorize the

assumption of the Loan. In all cases, any subsequent owner or acquirer of the Immovable or of the rights held by you for the purpose of the Immovable, shall be solidarily liable along with you and any co-owner, for the payment of the Loan and ensure compliance with all the terms and conditions set forth in this deed and the Financing Agreement or any renewal, replacement, extension, modification, substitution or rewording thereof. Within thirty (30) days from the sale, transfer or alienation, you shall be committed to give the Bank a copy of all deeds and related documents along with a certified statement of their registration.

Any liquidation, merger or change in the management of the enterprise or in the control of shares, if you are a legal person, shall constitute an alienation of the Immovable.

For the purposes herein, the expression “you” refers to the person thus designated to appear (or if more than one person is designated, each of these persons) as well as any person becoming a subsequent owner of the entire Immovable.

#### **8. MAINTENANCE OF THE IMMOVABLE**

You shall maintain the Immovable in good state of repair and you shall allow the Bank or its representative to inspect the said Immovable. Should you fail to maintain the Immovable in a good state of repair or fail to make the necessary repairs after being requested to do so by the Bank, the latter may, subject to its other rights and recourses, enter the premises by appropriate means in order to rectify the situation, at your expense. You shall conduct activities so as to preserve the value of the hypothecated property.

#### **9. ABANDONMENT OF THE IMMOVABLE**

If the Immovable is left vacant or is abandoned, the Bank may, itself or through a representative, take the conservatory measures that it deems appropriate. It may also lease the Immovable, on your behalf and under the terms and conditions that it deems fit, and collect the rents.

#### **10. MODIFICATION AND RENOVATION OF THE IMMOVABLE**

You may not modify or renovate the Immovable without having obtained the Bank's prior written consent and having provided the Bank with a “Consent to Prior Hypothecary Claim” granted in its favour by any person who could hold a legal hypothec on the Immovable. The Bank may, at its sole discretion, pay any claim taking precedence over its rights.

You must produce, at the Bank's request, the statements, invoices, contracts or other vouchers and agree to comply with all the laws and regulations that could affect the Immovable, especially any zoning regulation pertaining thereto. You must immediately forward the Bank a copy of any registration of notice received, prior notice of intention of the exercise of a hypothecary right as well as any action pertaining to the Immovable.

#### **11. SERVITUDES AND OTHER DISMEMBERMENTS OF THE RIGHT OF OWNERSHIP**

You shall not grant any servitude or other dismemberment of the right of ownership without the Bank's prior written authorization.

#### **12. DIVIDED CO-OWNERSHIP (Condominium)**

If the Immovable is part of an Immovable held under divided co-ownership, you agree to comply with the laws and regulations governing such divided co-ownership, as well as the declaration of co-ownership and the by-laws of the Immovable. You further agree to pay, upon maturity, your contributions to the common expenses and the contingency fund, to obtain the Bank's prior written approval for any deed that may decrease the value of your private portion and to provide the Bank, on demand, with a copy of any notice that you may receive with respect to the calling of a general meeting of the co-owners.

You assign and hypothecate in favour of the Bank, until repayment of the Loan, all the voting rights you hold or shall hold as co-owner and you agree to immediately sign any document required by the Bank to enable it to exercise such voting rights. Until notification to the contrary by the Bank, you shall continue to exercise such voting rights as proxy to the Bank and you may delegate the exercise of these voting rights to third parties as if you still held them. If the Bank avails itself of the transfer of voting rights, it may notify the board of directors of the syndicate of co-owners accordingly and request to receive thenceforth notices calling general meetings of the co-owners.

You assign and hypothecate in favour of the Bank all your rights to the amounts forming part of the common expenses and contingency fund. Such transfer shall come into effect only in the case where the Bank shall obtain the title of ownership to the Immovable being hypothecated. To follow up on these transfers, you agree and commit yourself to perform any deed(s) that the Bank may ask you for that purpose.

### **13. ENVIRONMENTAL PROTECTION**

You agree to comply with all federal, provincial or municipal laws and regulations related to environmental protection. In particular, you agree to:

- 1) Obtain, where necessary, any certificate of authorization, permit or attestation issued under such laws and regulations, and provide the Bank, upon request, with copies of the applications submitted to the authorities as well as copies of the said certificates, permits or attestations;
- 2) Take the necessary steps to keep the Immovable in compliance with the various standards set by the said laws and regulations at all times and to provide the Bank, on demand, with any certificate of conformity that may be issued in this respect;
- 3) Allow the Bank to inspect the Immovable or cause it to be inspected in order to ensure compliance with environmental standards and to that end, allow the Bank to access the Immovable;
- 4) Notify the Bank as soon as a notice or an order issued under such laws and regulations is served upon you or registered against the Immovable, and provide the Bank with a copy of the said notice or order;
- 5) Immediately take the necessary steps to remedy the default mentioned in the notice or order or to obtain, as the case may be, the cancellation of its registration against the Immovable;
- 6) Notify the Bank as soon as a civil or criminal suit is brought against you as a result of default in your environmental obligations;
- 7) Notify the Bank in writing as soon as an environmental problem, which could affect the Immovable, arises.

If the Immovable is used for agricultural, commercial or industrial purposes, you further agree to:

- 1) Take the necessary steps to make sure your agricultural, commercial or industrial activities are conducted in compliance with the various standards set by these laws and regulations;
- 2) Deliver to the Bank, upon request, a copy of any environmental report that you are or shall be bound to submit to the various government authorities as well as a copy of any correspondence on environmental matters with such authorities;
- 3) Periodically submit to the Bank, upon request, any environmental studies or analyses;
- 4) Take out and keep in force insurance against environmental risks at the Bank's request and under the conditions it determines. You shall provide the Bank with a copy of the policy within the prescribed period and evidence of its renewal at least fifteen (15) days before the expiry of such policy. If the insurance was required prior to the payment of the Loan, you agree likewise to keep it in force and to provide evidence of its renewal.

In all cases, you shall pay the costs resulting from the obligations provided for under this section and the Bank may, at your expense, take any necessary steps to ensure that the Immovable is in compliance with environmental standards.

#### 14. FINANCIAL STATEMENTS

If the Immovable is revenue producing or is used for agricultural, commercial or industrial purposes, you agree to:

- 1) Keep a detailed account of the revenues and expenditures pertaining to the Immovable;
- 2) Allow the Bank to examine accounting records and provide the Bank with any vouchers that it may require;
- 3) Deliver to the Bank, upon request, a detailed statement of revenue and expenditure pertaining to the Immovable, in a form approved by the Bank.

#### 15. COSTS

You shall pay the costs and fees of this deed, of the notary, land surveyor and evaluator, as well as the costs related to the registration and publication, inspection, environmental audit, postponement of prior claims and other costs of a similar nature. The Bank may withhold sufficient amounts from the proceeds of the Loan, to pay such costs. Upon any renewal, on or before the maturity date, you shall also pay the administration costs then charged by the Bank, which is authorized to debit the amount of such costs from your account. You will also pay, when the Loan has been repaid, with or without subrogation, the costs and fees of the discharge and release, as the case may be, which may be, at the option of the Bank, in notarial form. The Bank is authorized to debit these costs and fees from your account.

You shall repay the Bank, immediately and on demand, all amounts paid by the Bank in order to pay the insurance premiums, taxes, assessments, contributions, hypothecary insurance premiums and rights or any other costs resulting from the Loan or incurred to preserve its security or to ensure the performance of your entire obligation, **with interest on such amounts at the rates provided for in the Financing Agreement as of the date of their disbursement by the Bank.**

#### 16. ELECTRICITY, GAS AND PUBLIC UTILITIES

You shall pay, no later than forty-five (45) days after their mailing, all electricity, natural gas and public utility bills that you may receive. You irrevocably authorize electricity and natural gas providers to send to the Bank any information it may require regarding the payment of the said accounts.

#### 17. DEFAULT

You shall be in default and shall lose the benefit of the term provided for in the Agreement without notice or formal demand in any of the following cases:

- 1) If any of the obligations referred to in the Financing Agreement concluded with you is not fulfilled;
- 2) If you or a surety fails to comply with one of the obligations referred to in this deed;
- 3) If one of the representations or warranties made or given by you is false or incorrect;
- 4) If a judgment, a seizure, a prior notice of the exercise of a hypothecary right, a legal hypothec or a suit is registered on the hypothecated property or if the latter is subject to a prior claim, a taking of possession by a creditor, a sequestrator or any party performing similar functions;
- 5) If you become insolvent, declare bankruptcy, file a proposal or intend to do so or if a judgment is rendered ordering your bankruptcy or liquidation;
- 6) If you agree to the Immovable being affected by a servitude, a registered lease or any emphyteusis without the written consent of the Bank;
- 7) If a default exists under the emphyteutic lease;
- 8) If part or all of the Immovable is expropriated;
- 9) If a petition is instituted or a judgment rendered in favour of a company distributing natural gas, electricity or other public utilities allowing such company to receive part of the rent for non-payment;
- 10) If you are in default under any agreement binding you to the Bank or under any other hypothec or security charging the hypothecated property or under any monetary loan agreement;
- 11) If you cease to carry on your enterprise or the running thereof;
- 12) If the Immovable is left vacant or is abandoned;
- 13) If another creditor seizes rents or exercises its right to collect such rents.



## **18. BANK'S RIGHTS**

If you are in default under the terms and conditions of this deed or the Financing Agreement, the Bank may, subject to its other rights and recourses:

- 1) Comply with any unfulfilled obligation any sum disbursed for this purpose becoming immediately payable to the Bank with interest at the rate in effect for the said Loan, calculated as of the disbursement date;
- 2) Request the abandonment of the Immovable and exercise the hypothecary recourses provided for in the *Civil Code of Québec*;
- 3) Collect rents resulting from leases on the Immovable; consent new leases or renew existing leases, all under terms and conditions it deems appropriate;
- 4) Perform an environmental audit of the Immovable at your expense.

Any default on your part will trigger the termination of any obligation the Bank may have towards you under the Financing Agreement. The exercise by the Bank of one of its rights will not prevent it from exercising any other right that it has under this deed or the law. The Bank's rights are cumulative and not alternative. Failure by the Bank to exercise one of its rights shall not constitute a waiver of the future exercise of such right. The Bank may exercise its rights under this deed without having to exercise its rights against any other person responsible for the payment of the obligations secured herein and without having to realize any other security for such obligations.

The Bank shall be bound to exercise only reasonable diligence in exercising its rights or in performing its obligations. If the Bank has possession of the Immovable, it shall not be obligated to maintain the normal use of the Immovable or to build on the Immovable or to continue to operate the Immovable.

The rights hereby conferred to the Bank herein shall extend to any successor, including any entity resulting from the merger of the Bank with another person, the Bank having the right to assign its rights at all times.

## **19. ELECTION OF DOMICILE**

You and the intervening parties, if any, elect domicile at the address mentioned herein. Should the Bank be unable to reach any of you at this address or at the last address provided by any of you in writing, you and the intervening parties, if any, shall elect domicile at the office of the clerk of the Superior Court for the district in which the head office of the Bank is located.

## **20. PLACE OF PAYMENT AND DOCUMENT DELIVERY**

Any payment and delivery of document shall be made at the place of business of the Bank, namely at 199 Bay Street, Suite 600 PO Box 279 STN Commerce Court Toronto ON M5L 0A2 or at any other place which the Bank shall indicate to you, in Canada's legal tender.

## **21. REPRESENTATIONS AND WARRANTIES**

You represent and guarantee to the Bank as at the date of the signing of this deed and until complete repayment that:

- 1) Property taxes or assessments pertaining to the Immovable have been paid to date without subrogation in favour of anyone and that there is no cause which may give rise to the registration of such charges;
- 2) Rents and revenues from the Immovable have not been hypothecated or assigned to a third party;
- 3) All the structures are entirely erected on the Immovable. No modification has been made to the Immovable since the preparation of the location certificate submitted to the Bank;
- 4) The hypothecated Immovable is not affected by any servitude or illegal view that has not been amended by a duly registered agreement;
- 5) The Immovable has not undergone, in the six (6) months preceding the date of this deed, any repair, modification, construction or renovation which has not been fully paid;
- 6) The Immovable complies with the environmental protection laws and regulations. The Immovable and hypothecated property is in compliance with every law and regulation applicable. The Immovable does not contain any materials and products that may be harmful to the environment and to the health of the occupants;

- 7) No order or notice has been served on you or published or registered against the Immovable under the environmental laws and regulations;
- 8) You are not prosecuted or threatened to be prosecuted due to a breach of environmental protection laws and regulations;
- 9) The Immovable is not part of a real estate development. The operation, rental of the Immovable or the carrying on of an enterprise in the Immovable do not depend on the use of land, of an Immovable or services which do not belong to you;
- 10) The Immovable irrevocably belongs to you through good and valid title and it is free of any real right, hypothec and guarantee or prior claim. Furthermore, there is no cause which could give rise to such registration, **EXCEPT;** \_\_\_\_\_
- 11) Your matrimonial status is as follows: \_\_\_\_\_

**22. INTERVENTION**

1) SURETY

HEREBY INTERVENED

\_\_\_\_\_ (name), hereinafter referred to as the "surety", who:

- (a) Undertakes and binds himself or herself with the borrower to pay the principal of the Loan, the interest, the interest on interest and the accessories, and to perform all of the borrower's obligations herein presents, and binds himself or herself to fulfil all of the borrower's obligations in case of default by him and waives any benefit of division and discussion;
- (b) Acknowledges that the Bank may extend the term granted for the repayment, in whole or in part, of the Loan, waive any default by the borrower or any other person bound hereunder, without limiting or decreasing his or her liability.

The intervening party acknowledges that this suretyship is not in any way attached to the performance of special duties.

2) NON-BORROWING CO-OWNER: I

HEREBY INTERVENED

\_\_\_\_\_ (name) residing at \_\_\_\_\_, who:

- (a) declares that he or she is the co-owner of the Property in undivided co-ownership with the borrower;
- (b) grants in favour of the Bank the same hypothecs as those granted by the borrower for the same amounts and for the same purposes as those provided for in this Deed of immovable hypothec on his or her undivided interest in the rents;
- (c) declares himself or herself bound, jointly and severally with the borrower, by all provisions contained herein inasmuch as they affect the non-borrowing co-owner or are applicable to him or her as co-owner;
- (d) unless having personally guaranteed the Loan will only be bound hypothecarily on his or her undivided interest, as real guarantor.

**23. MARITAL STATUS / FAMILY RESIDENCE**

HEREBY INTERVENED

\_\_\_\_\_, (name), the borrower's spouse, who confirms having read this deed, accepts the related hypothecary charges, executes this deed with the borrower and confirms the accuracy of the statements made regarding the matrimonial status.

If the property is a family residence, as defined in Article 401 and subsequent articles of the *Civil Code of Quebec* and that a statement of family residence has been published, all hypothecs, rights and recourses of the Bank for the purpose herein shall have priority and may be executed against the property as if no statement had been published. The intervening party, whose name is stated above, hereby waives all rights that may have resulted in his or her favour from this statement or any future statement against the property.

Should hypothecated properties become the Bank's property or be sold to a third party given the Bank's exercise of its hypothecary rights, any statement of family residence registered on the property would be cancelled. The borrower and the intervening party, whose name appears above, agree herein to such a cancellation.

**24. NATIONAL HOUSING ACT**

If the Hypothec secures a Loan which is insured by the Canada Mortgage and Housing Corporation ("CMHC") ("Insured Loan"), the following provisions shall apply notwithstanding any other provision contained herein or the Financing Agreement.

- 1) This deed is subject to the applicable provisions of the *National Housing Act*, (R.S.C., 1985, c. N-11) and its regulations as if these provisions were contained herein in their entirety.
- 2) You cannot use the Immovable for business or industrial purposes, unless contained within the limits as set out by the CMHC.
- 3) The obligations set out in section 13 "ENVIRONMENTAL PROTECTION" allowing the Bank to access the Immovable shall also apply in favour of an agent of the CMHC. The reasonable cost of the environmental tests, assessments, inspections or studies, as the case may be, shall be paid by you upon request, will bear interest at the rate of the Insured Loan and be secured by the Hypothec. The exercise of the above mentioned rights shall not mean that the Bank, the CMHC or their respective agents are in possession of, manage or are liable for the Immovable.
- 4) Should the CMHC become eventually subrogated in the rights of the Bank arising from the Insured Loan or if it became the assignee of these rights, it shall be deemed to be the sole holder of the subrogated or assigned claim and the Hypothec and the Bank shall act accordingly. However, the Bank shall retain its personal rights against you for any other amount, if any, due to it.
- 5) In the event of a sale, transfer or disposition of the Immovable, in whole or in part, if
  - i. you fail to apply in writing for the approval of the Bank as to the transferee or the terms and conditions of the transfer, or
  - ii. the Bank does not approve in writing the transferee, or
  - iii. the Bank does not approve in writing the terms and conditions of the transfer, or
  - iv. the transferee fails to enter into an assumption agreement satisfactory to the Bank, agreeing to assume the Insured Loan and any amendments thereto, and any collateral agreements and to pay the amount thereby secured and perform every covenant, condition and obligation provided under the Insured Loan and any amendments thereto, and any collateral agreements, to be performed by you thereunder (including this obligation) at the time and in the manner and in all respects as therein contained and to be bound by each and all of the terms, covenants, conditions and obligations pertaining to the Insured Loan and any amendments thereof,

then, in any such case, the outstanding principal balance of the Insured Loan shall, at the option of the Bank, immediately become due and payable together with all the accrued interest and other monies owing thereunder.

- 6) Any amount paid by you or on your behalf for repaying any obligation secured by the Hypothec, or collected by the Bank under the above section 5 "INSURANCE AND INDEMNITIES" or any proceeds resulting from the exercise of a remedy, shall be allocated toward reducing the Insured Loans before the payment of any other obligation secured by the Hypothec.
- 7) If the Insured Loan is granted for construction, repair or renovation purposes, the drawings and specifications shall comply with the applicable standards approved by the CMHC.

If the Immovable is an income producing property, the Bank may refuse to make a disbursement if such disbursement is not authorized by the CMHC and it shall retain at all times an amount sufficient to allow the work to be completed in accordance with the drawings and specifications it has approved and ensure compliance with the conditions pertaining to meeting the rental income objectives. You shall deliver to the Bank, prior to each disbursement of the loan, a certificate of the professionals (architects/engineer) stating that the work is completed in compliance with the drawings and specifications approved by the relevant regulatory authority.

Furthermore, you undertake to notify the Bank of the existence of any legal construction hypothec within three days from being aware of its registration.

- 8) If the Immovable is an income producing property, you undertake to comply with the following requirements:

In accordance with section 6 "LAND CHARGES AND OTHER PRIOR CLAIMS" hereof, you shall pay monthly to the Bank, on the same date as your periodic payments, the amount which the Bank shall indicate to you, which it can revise from time to time, to ensure the payment of the land charges which may affect the Immovable within the twelve following months. You shall deliver forthwith to the Bank all the documents you may receive respecting these land charges.

You may manage the Immovable by yourself provided that such management is sound and prudent and compares with that provided by businesses specialized in such matters.

You shall, within four months following the end of each fiscal year, deliver to the Bank your financial statements and those related to the Immovable, prepared in the form approved by the Bank.

You shall not grant another hypothec on the Immovable without the prior written approval of the Bank.

- 9) This deed and the Financing Agreement are governed by the laws of the Province of Quebec; any dispute respecting them shall exclusively be submitted to the Courts having jurisdiction in such province.

## **25. INTERPRETATIVE CLAUSE**

Whenever the context so requires, the singular number shall be interpreted as plural, the masculine gender as feminine or neutral, and vice-versa.

## **26. LANGUAGE**

The parties hereto have expressly requested that this agreement and all other documents relating thereto be drawn up in the English language. Les parties aux présentes ont expressément demandé que cette convention et tout les documents qui s'y rapportent soient rédigés en langue anglaise.