

# MORTGAGE

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## RECITALS

### WHEREAS:

- A. The Mortgagor is or is entitled to become the registered owner of the Lands;
- B. The Mortgagee has agreed to lend an amount not to exceed the Principal Sum to the Mortgagor (or its nominee) on the terms and conditions set out herein; and
- C. As security for repayment of the Principal Sum together with interest and performance of the covenants contained herein, the Mortgagor has agreed to grant this Mortgage in favor of the Mortgagee.

**NOW THEREFORE** in consideration of the covenants and promises contained herein, the Mortgagor and Mortgagee covenant each with the other as follows:

## ARTICLE I - DEFINITIONS

1.1 In this Mortgage:

- (a) "Business Days" means days other than Saturdays, Sundays and statutory holidays in the Province of [province];
- (b) "Commitment Letter" means any written correspondence from the Mortgagee to the Mortgagor setting out the terms by which the Principal Sum will be advanced, as amended, modified, supplemented, restated or replaced, from time to time;
- (c) "Hazardous Substances" means any substance which is hazardous to person or property and includes, without limiting the generality of the foregoing:
  - (i) radioactive materials;
  - (ii) explosives;
  - (iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant;
  - (iv) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
    - A. endangers the health, safety or welfare of persons or the health of animal life;
    - B. interferes with normal enjoyment of life or property; or
    - C. causes damage to plant life or to property;
  - (v) toxic substances including, without restriction, urea formaldehyde foam insulation, asbestos and poly-chlorinated biphenyls; and
  - (vi) substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority having jurisdiction over the Mortgagor, the Mortgagee and the Lands;

(d) "Improvements" means all improvements of every kind whether or not affixed to the Lands including without limitation all buildings, erections, improvements, machinery and plant, furnaces, boilers, elevators, escalators, mobile homes, plumbing, air conditioning, ventilating and refrigerating equipment, water heaters, wall to wall carpeting, plate glass, storm doors, storm windows, screens and screen doors and all apparatus and equipment appurtenant thereto whether moveable or stationary, with all proper, usual and necessary gears, tools accessories, equipment and appliances, which are now or may hereafter be placed or installed upon the Lands;

(e) "Interest Rate" means:

Mortgagee shall be entitled to receive and Mortgagor shall pay interest at the rate of **thirty (30%) per cent per annum**, calculated annually, in arrears, due and payable on an annual basis subject to adjustment as set forth below.

The Interest Rate adjustment in each annual interest period will be determined by the Mortgagor according to the status of the project being developed upon the Lands in the applicable interest period, and the Interest Rate may be adjusted in any given interest period from the maximum Interest Rate of **thirty (30%) per cent per annum** to a minimum Interest Rate of **seven (7%) per cent per annum** through the application of the Interest Rate calculation formula as follows:

Interest Rate calculations shall be determined by generally accepted accounting principles with the exception of the general and administrative charges. The calculation of the Interest Rate consists of the following components and interest payments will be due and payable by the Mortgagor to the Mortgagee as follows:

Firstly -

Interest on the Principal Sum of \$[principal sum] – at **seven (7.0%) per cent per annum** – payable to the Mortgagee on an annual basis commencing and payable each [interest payment date]; and

Secondly -

Mortgagor will pay the balance of up to **twenty-three (23.0%) per cent per annum** to the Mortgagee from those funds remaining, if any, from the proceeds of sale of the condominium units from the Lands after deducting the following expenses:

(I) The Mortgagor will make payment of all expenses relating to the Lands including but not limited to those expenses arising out of any or all of the following:

(i) **development construction costs** - including but not limited to the costs of land, parkade, and building costs necessary to complete the project on the Lands, including the condominium development, its individual units, or common units therein according to those standards set out through the specifications given to customers and construction plans and the budget prepared or under preparation by the Mortgagor;

(ii) **financing charges** - including but not limited to all costs of financing costs relating to the project on the Lands including interest, fees, related costs and associated fees; and

(iii) **marketing costs** – including but not limited to all costs associated with marketing of the project constructed upon the Lands including commissions to employees, commissions to Multiple Listing Service realtors, or other related marketing fees, commissions, and costs;

**THIS IS A 19-PAGE DOCUMENT.**