

LAND MORTGAGE COLLATERAL TO PROMISSORY NOTE

_____ (name of borrower/mortgagor) (the "Mortgagor") of _____ (address of mortgagor), _____ (city), Alberta has executed and delivered to _____ (name of lender/mortgagee) (the "Mortgagee") of _____ (address of mortgagee), _____ (city), Alberta (the "Mortgagee"), a Promissory Note (the "Promissory Note") in favour of the Mortgagee in relation to the indebtedness and liability to the Mortgagee of the Mortgagor.

As collateral security for the payment by the Mortgagor of any sums required to be paid and the performance of any covenants and obligations of the Mortgagor to be performed from time to time pursuant to the Promissory Note or any other guarantees or agreements referred to herein, the Mortgagor has agreed to execute and deliver this Mortgage.

The Mortgagor, being or being entitled to become registered as owner of an estate in fee simple in possession, subject however to such encumbrances, liens and interests as are notified on the Certificate of Title therefor, in those lands located in _____, Alberta, as more particularly described in Schedule "A" attached hereto, (which, with the buildings and improvements located thereon, are herein collectively called the "Lands"), in consideration of the premises, COVENANTS with the Mortgagee as follows:

1. PAYMENT

The Mortgagor hereby acknowledges that the Mortgagor is obligated to pay to the Mortgagee the debts and liabilities of the Mortgagor to the Mortgagee from time to time in accordance with the Promissory Note and all other guarantees and agreements referred to herein (including principal, interest, costs and all other sums which the Mortgagor may become liable to pay to the Mortgagee pursuant thereto, all of which are herein collectively called the "Indebtedness").

2. AMOUNT SECURED

For the purposes of the *Alberta Land Titles Act* (the "Act", which term includes all amendments and substituted legislation from time to time in effect), the amount secured by this Mortgage is the principal sum of \$ _____, plus interest thereon after demand for payment hereunder, both before and after judgment, at the rate of _____ (_____%) percent per annum ("the Interest Rate"), together with all further monies which may become payable pursuant to the terms of this Mortgage and interest thereon as herein provided. The foregoing provisions concerning the amount secured by this Mortgage have been inserted to establish the Mortgagee's priority for the purposes of the Act and will in no way have the effect of, or be construed as, limiting the Mortgagor's covenant to pay the Indebtedness in accordance with the Promissory Note, nor will it prevent in any way the Mortgagee's ability to recover the Indebtedness from the Mortgagor under the Promissory Note or under any other securities granted by the Mortgagor to the Mortgagee.

3. NO MERGER

The taking of a judgment or judgments under any of the covenants contained in this Mortgage, in the Promissory Note, or in any other security for payment of the Indebtedness will not operate as a merger of such covenants or of the Mortgagee's security by way of a charge against the Lands or affect the Mortgagee's right to interest hereunder at the Interest Rate.

4. TAXES, CLAIMS AND COSTS

- (a) The Mortgagor will pay all taxes, rates, levies, assessments and impositions of the municipality or any other taxing authority which are now or may hereafter be levied, charged, assessed, imposed or payable against or in respect of the Lands, or any part thereof, or on this Mortgage or on the

Mortgagee in respect of this Mortgage, when the same become due, and will provide the Mortgagee with the receipts therefor.

- (b) The Mortgagor will pay and discharge when due all claims of and obligations to labourers, builders, material suppliers and others and all other claims, debts and obligations which by the laws of Alberta have or might have priority over the security hereby created, and will provide the Mortgagee with the receipts therefor.
- (c) If the Mortgagor fails to pay when due any of the items required to be paid by the Mortgagor pursuant to any provision of this Mortgage, the Mortgagee may, but will not be obligated to, pay such items.
- (d) If the Mortgagor fails to repair as provided by this Mortgage, the Mortgagee may, but will not be obligated to, at such time or times as it deems necessary and without the concurrence of any other person, make arrangements for maintaining, restoring, repairing, finishing, adding to, or putting in order the Lands, and for managing, improving, and taking care of them.
- (e) All solicitor's, inspector's, valuator's, surveyor's and other fees and expenses for drawing and registering this Mortgage, for examining the Lands and the title thereto, and for making or maintaining this Mortgage a first charge, or if approved by the Mortgagee, a subsequent charge, on the Lands, and in exercising or enforcing or attempting to enforce or in pursuance of any right, power, remedy or purpose hereunder or subsisting (including legal costs as between a solicitor and his own client on a full indemnity basis and also an allowance for the time, work and expenses of the Mortgagee or of any agent, solicitor or servant of the Mortgagee for any purpose herein provided), together with all sums which the Mortgagee from time to time advances, expends or incurs pursuant to any provision contained in this Mortgage, whether such sums are advanced or incurred with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise, are to be secured hereby and will be a charge on the Lands, together with interest thereon at the Interest Rate calculated from the date of advance or expenditure by the Mortgagee to the date of payment to the Mortgagee. All such monies will be payable to the Mortgagee on demand.

5. INSURANCE

- (a) The Mortgagor will immediately insure and keep insured during the continuance of this security the Lands to their full insurable value, with an insurer or insurers approved by the Mortgagee, against loss or damage by fire, lightning and tempest, and such other risks as the Mortgagee may require. The Mortgagor will also obtain such other insurance, of kinds and in amounts required by the Mortgagee (including but not limited to business interruption or rental loss insurance if appropriate). The Mortgagor will not do or permit anything which might impair, reduce or void such insurance.
- (b) The Mortgagor will deliver to the Mortgagee the policy or policies of insurance with a mortgage clause attached, any loss thereunder to be payable to the Mortgagee.
- (c) The Mortgagor will pay all premiums and sums of money necessary for such purpose as the same become due and, if requested by the Mortgagee, will immediately after payment deliver to the Mortgagee the receipts therefor. Evidence of the renewal of such insurance will, if requested by the Mortgagee, be provided to the Mortgagee at least seven (7) business days before the insurance then existing expires; otherwise the Mortgagee may insure as herein provided.
- (d) If there is loss or damage from any of the risks insured against, the Mortgagor will furnish proof of loss at its own expense and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies, and in respect of any such insurance monies received by the Mortgagee the Mortgagee may at its option:
 - (i) apply the same in or towards substantially rebuilding, reinstating or repairing the Lands;
or

- (ii) apply the same in the manner set forth in paragraph 19(c) hereof; or
 - (iii) pay the same in whole or in part to the Mortgagor, but no such payment will operate as payment or a novation of the Mortgagor's indebtedness hereunder or as a reduction of this Mortgage; or
 - (iv) apply the same partly in one way and partly in another as the Mortgagee in its sole discretion determines.
- (e) The Mortgagor hereby constitutes and appoints the Mortgagee as its attorney for the purpose of demanding, recovering and receiving payment of all insurance monies to which it may become entitled. Without limiting the generality of the foregoing, the Mortgagee may, in the name of the Mortgagor, file proofs of claim with any insurer who insures the Lands, settle or compromise any claim for insurance proceeds in respect of the Lands, commence and prosecute any action for recovery of insurance proceeds in respect of the Lands, and settle or compromise any such action. Notwithstanding the foregoing, it will remain the Mortgagor's responsibility to demand, recover and receive such payments and nothing herein will render the Mortgagee liable to the Mortgagor for any act done by it in pursuance of the power of attorney granted in this paragraph 5(e) or for its failure to do any act or take any step permitted herein.
- (f) Pending application of any insurance monies by the Mortgagee, the same will be deemed to form part of the Lands and be subject to the charge hereby created.
- (g) If the Mortgagor neglects to keep the Lands or any part of them insured as aforesaid or to pay the said premiums and sums of money necessary for such purpose or to deliver the policy or policies or receipts as aforesaid then the Mortgagee will be entitled, but will not be obliged, to insure the Lands in the manner aforesaid.

6. IMPROVEMENTS TO BE FIXTURES

All improvements, fixed or otherwise, now on or hereafter put on the Lands (including but not limited to all buildings, mobile homes, machinery, plant, fences, furnaces, boilers, water heaters, heating, plumbing, air conditioning, cooking, refrigerating, ventilating, lighting and water-heating equipment, window blinds, storm windows and storm doors, window screens and screen doors, and all apparatus and equipment appurtenant thereto, whether movable or stationary, with the proper, usual and necessary gears, construction and appliances) are and will, in addition to other fixtures thereon, be and become fixtures and become part of the realty and of the security and are included in the expression the "Lands".

7. USE OF THE LANDS

- (a) The Mortgagor will not commit or permit any act of waste on the Lands or any portion thereof or do or permit anything which might impair the value thereof.
- (b) The Mortgagor will at all times during the continuance of this Mortgage well and sufficiently repair, maintain, restore, amend and keep the Lands and every part thereof in good and substantial repair.
- (c) The Mortgagee by its agents, solicitors or inspectors may enter upon the Lands or any part thereof at any reasonable time to view their state of repair.
- (d) If in the opinion of the Mortgagee the Lands or any part thereof are not in a proper state of repair it may serve notice upon the Mortgagor to make such repairs or replacements as the Mortgagee deems proper within a time limited by such notice. If the Mortgagor fails to comply with such notice such failure will constitute a breach of covenant hereunder and in such event the Mortgagee or its agents, employees or contractors may enter upon the Lands and proceed to repair as provided in this Mortgage and will have all the remedies set forth herein. The Mortgagor will not make, or permit to be made, any alterations or additions to the Lands, or change the present use thereof, without the consent of the Mortgagee.

THIS IS A 16-PAGE DOCUMENT, including affidavits and schedule.