

Standard Terms – Residential (Manitoba)

ACKNOWLEDGEMENT

TO: FISGARD CAPITAL CORPORATION

**RE: LOAN TO: _____
GUARANTEED BY:**

I/WE, THE UNDERSIGNED, BEING THE MORTGAGOR(S) AND GUARANTOR(S) IN THE ABOVE TRANSACTION, HEREBY ACKNOWLEDGE RECEIVING A COPY OF THE LOAN APPROVAL DOCUMENT DATED _____ ATTACHED HERETO AS SCHEDULE A AND I/WE ACKNOWLEDGE, AGREE, AND UNDERSTAND THAT THE STANDARD TERMS – RESIDENTIAL (MANITOBA), CONTACT INFORMATION, AND FEE SCHEDULE ATTACHED HERETO ARE INCORPORATED BY REFERENCE INTO SUCH LOAN APPROVAL.

DATED AT _____, THIS ___ DAY OF _____, 2016.

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DEFINITIONS: Each of the capitalized terms used shall have the meanings set out in the Loan Approval, the Fee Schedule and these Standard Terms:

- (a) **“Account”** means a deposit account held in the name of the Borrower at a bank, credit union, trust company or treasury branch in Manitoba.
- (b) **“Fisgard”** means Fisgard Capital Corporation or its manager, Fisgard Asset Management Corporation or any other affiliated entity, as the context so requires.
- (c) **“IAD Date”** means the interest adjustment date.
- (d) **“IAD Payment”** means interest calculated against the Loan between the Funding Date and the IAD Date.
- (e) **“Lands”** means all real property described in the Loan Approval;
- (f) **“Legal Fees”** means all legal fees and disbursements incurred in the preparation, execution, registration, perfection, and enforcement of the Security.
- (g) **“Loan”** means the funds advanced to the Borrower in accordance with the Commitment Letter.
- (h) **“Commitment Letter”** means the Loan Approval containing the terms and conditions of the Loan, together with the Standard Terms – Residential (Manitoba) and the Fee Schedule, as each of the same may be amended, renewed, or extended from time to time in writing.
- (i) **“Term”** means the number of years or months from the Funding Date to the Maturity Date, as the same may be amended, renewed or extended from time to time.

COMMITMENT LETTER: The parties agree that the terms and conditions of the Commitment Letter shall survive the advance of the Loan and continue to be in full force and effect after the Funding Date. In the event there is a conflict between the terms of the Commitment Letter and the Security, then the Lender, at its discretion, shall determine which document shall prevail.

CREDIT REPORTS: The Borrower(s) and Guarantor(s) agree to allow Fisgard to obtain a credit report from Equifax Canada prior to the Funding Date and at any time during the Term.

MORE THAN ONE BORROWER: If there is more than one Borrower, the Loan shall be a joint and several obligation, notwithstanding that the Account may be in the name of only one Borrower, and Fisgard may (in its sole and unfettered discretion) accept instructions from any one Borrower, acting alone.

FUNDING: In the event that the full principal sum shall for any reason not be advanced before the Funding Date, then Fisgard may unilaterally amend the Funding Date, the IAD Date, the First Payment Date, and the Maturity Date, each by up to 30 days. If the Loan is not processed within 30 days of the Funding Date, then Fisgard may, in its sole and unfettered discretion, terminate the Commitment Letter.

DIRECTION: The Lender Fee, the Application Fee, Legal Fees, and all amounts payable on the IAD Date shall be deducted from the Loan on the Funding Date.

INTEREST: Interest shall begin to accrue from the Funding Date, and shall be charged on the unpaid portion of the Loan at the Interest Rate, calculated daily and compounded periodically, not in advance. Interest is payable monthly until the date on which the Loan is repaid in full. Any portion of the Loan or interest on the Loan which is not paid when due (whether at stated maturity, by acceleration or otherwise) will (a) bear interest (both before and after default and judgment) from the date on which such amount is due until such amount is paid in full at the Interest Rate and will (b) be payable on demand. The Borrower agrees that the interest rate contained in any mortgage security may be greater than the Interest Rate, and the Borrower consents to the registration of such increased interest rate in order to accommodate renewal

or extension of the Loan without requiring registration of a new mortgage. All computation of interest will be made on the basis of a 365-day year and the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

REPAYMENT: Unless an “interest only” payment option is specifically authorized herein, the Borrower will repay the Loan together with interest accrued thereon in consecutive monthly blended installments of principal and interest in the Payment Amount on the payment date set out herein commencing on the First Payment Date and continuing on the same day of each successive month with final payment on the Maturity Date. The balance of the Loan, if any, together with all other amounts owing by the Borrower to Fisgard, if any, will be due and payable on the Maturity Date, unless the Loan is renewed by Fisgard in writing. All payments will be made at Fisgard’s head office at 3378 Douglas Street, Victoria, BC V8Z 3L3 or at any other place in Canada as Fisgard may direct in writing to the Borrower’s address as stated on the Loan Approval. Payments received after 1:30 p.m. MST will be deemed to be received on the next business day.

DIRECT DEBIT: Borrower agrees to maintain the Account at all times throughout the Term, and to provide Fisgard with sufficient particulars and authority to debit all amounts due hereunder from the Account.

ADDITIONAL FEES: The Borrower will promptly pay to Fisgard all applicable fees set out in the Fee Schedule, failing which, they will be added to the Loan and will be subject to the interest provisions set out in the Commitment Letter.

APPLICATION OF PAYMENTS: Payments will be applied first to amounts due pursuant to the Fee Schedule, second to any other amounts payable pursuant to the Commitment Letter, then to interest, and finally to principal.

PREPAYMENT: Unless otherwise noted herein, the Borrower, when not in default hereunder, shall be entitled to repay the Loan in whole or in part upon receipt of a lump sum payment equal to three (3) months interest on the outstanding balance of the Loan on the date of payout, but no such repayment which is less than the full balance of principal, interest and other fees and charges owing shall be considered prepayment of the next or any other scheduled installment.

SECURITY: The Security secures all renewals, extensions and increases of the Loan. The Security is collateral security for repayment of the Loan. In the event that the Loan is not repaid in full on the Maturity Date, Borrower acknowledges personal liability for any deficiency to the fullest extent permitted by Manitoba law.

LEGAL: All documents shall be prepared by the Lender’s solicitor and paid for by the Borrower.

OTHER FINANCING: Other secured financing, whether subsequent or junior to the Loan or otherwise is not permitted without Fisgard’s prior written consent, which consent may be arbitrarily withheld.

TAXES/CONDOMINIUM FEES: The Borrower shall pay all outstanding property taxes and condominium fees with respect to the Lands on the Funding Date throughout the Term.

INSURANCE: Borrower shall keep all improvements to the property and all personal property insured for physical damages and losses on an “All-Risks” basis, including equipment breakdown (or boiler & machinery) where applicable, for their full replacement value and cause all such insurance policies to name Fisgard as loss payee as its interests may appear. The policies shall also name Fisgard as mortgagee and include a standard mortgage clause in respect of lands over which Fisgard holds a mortgage. If the Lands are not improved (land-only) the Borrower must obtain \$2,000,000 in liability coverage.

For Lands that are strata titled (condominiums, townhomes, duplex properties) (other than bare land strata), the Borrower will ensure that Fisgard is provided with proof of adequate strata corporation insurance coverage showing full replacement value and all risks coverage for the strata corporation’s property with minimum coverage as is considered reasonable.

In addition, the Borrower will obtain and maintain strata owner insurance with coverage for all risks and liability as permitted by Section 161 of The Insurance Act (Manitoba). If any replacements or alterations have been made to the original fixtures forming part of the improvements on the Lands, such insurance must provide coverage for loss or damage to the replacement or altered fixtures where such coverage is not covered by the strata corporation's policy. Fisgard, at its sole discretion, may require a Borrower to obtain coverage to address deficiencies in the coverage placed by the strata corporation including satisfactory coverage for deductibles applicable to the strata corporation's insurance coverage but at no time does Fisgard accept any responsibility to the Borrower or any third party in connection with the insurance on the Lands or in relation to any improvements on the Lands.

The Borrower must ensure that at all times during the term of the Loan that the policies maintain a loss payable in favour of Fisgard and contain the Insurance Bureau of Canada Standard Mortgage Clause.

For Lands that are bare land strata, Fisgard may require the Borrower to provide, in addition to insurance on any improvements on the Lands in accordance with the terms of this Commitment, adequate liability insurance on the common property and coverage for any and all improvements situate on the common property.

LIFE INSURANCE: Fisgard Capital Corporation does not offer life insurance with respect to the Loan or the Collateral Mortgage. The Borrower is advised to obtain life insurance independently.

ASSUMPTION/PORTABILITY: The Loan and the Security is not assumable or portable.

CONDOMINIUM OR STRATA TITLE: If the Lands are part of a condominium or strata title, additional documentation relating to the Condominium Corporation or the Lands may be required, and any such required information must be reviewed and approved by Fisgard as a Pre-Funding Condition. The Borrower will provide an irrevocable authorization in favour of Fisgard to exercise all rights and to vote at any meeting of the condominium or strata corporation.

REPRESENTATIONS: Borrower and Guarantor warrant that all representations made and all information submitted directly to Fisgard or via a broker in connection with the loan application is true and accurate.

SOURCE OF THE LOAN: The Borrower and Guarantor acknowledge that all or part of the funding of this Loan may be provided by Fisgard Capital Corporation, funds managed or administered by the Fisgard Asset Management Corporation or by its principals or employees.

EVENTS OF DEFAULT: An "Event of Default" within the meaning of the Commitment Letter will have occurred and be continuing if:

- (a) The Borrower fails to make timely payment of an installment of principal, interest or any other amount due and payable hereunder;
- (b) The Borrower breaches any term, condition or covenant contained in the Commitment Letter or the Security;
- (c) There is any material adverse change or misrepresentation of fact in the personal or financial information of the Borrower or Guarantor;
- (d) The Borrower makes a general assignment, proposal or compromise for the benefit of creditors; or any proceeding, filing or action is commenced by or against him, her or it to adjudicate the Borrower bankrupt or insolvent; or an order be given by any court or tribunal appointing a receiver, trustee, liquidator or sequestrator to the Borrower or his, her or its property.

RIGHTS ON DEFAULT: On the happening of an Event of Default, Fisgard may, at its option:

- (a) Require the unpaid balance of the Loan together with all interest accrued thereon and any other amounts then due and owing under the Commitment Letter to become immediately due and payable without notice or demand of any kind, such notice and demand being hereby expressly waived by the Borrower; and
- (b) Enforce the Security in any order that it chooses.

The Borrower agrees to pay all costs, including legal fees and disbursements on a solicitor and own client full indemnity basis incurred by Fisgard in protecting the Lands or enforcing the Commitment Letter or the Security. The rights in this section are in addition, without prejudice and supplemental, to any other rights which Fisgard may have at law or in equity.

FURTHER ASSURANCES: The Borrower and Guarantor will execute and deliver all such further documents, provide such further personal or financial information, and perform all such acts as may be reasonably necessary to give full effect to the intent and meaning of the Commitment Letter.

MISCELLANEOUS:

- (a) The Commitment Letter shall be governed and construed in accordance with the laws of the Province of Manitoba and the parties agree to submit to the exclusive jurisdiction of the Courts of Manitoba.
- (b) The Commitment Letter will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
- (c) Time is of the essence in the performance of each obligation under the Commitment Letter.
- (d) If any provision or part of a provision of the Commitment Letter is determined to be unenforceable, the same is to be severed, and such determination will not affect or impair the validity of any other part of the Commitment Letter.
- (e) Any waiver by Fisgard of any default by the Borrower will not extend to or be taken in any manner whatsoever to affect any subsequent default by the Borrower or the rights resulting from it. Fisgard may waive any Pre-Funding Condition but waiver will not prejudice any subsequent enforcement of the condition.
- (f) The Borrower may not assign the Commitment Letter or the Security, any interest in or benefits under it. Fisgard may sell or assign all or part of the Loan or the Security to another party at any time without notice to the Borrower or Guarantor.
- (g) As used in the Commitment Letter, each gender will include all genders, and the singular will include the plural and the plural will include the singular as the context will require.
- (h) All amounts referenced herein are in lawful money of Canada.
- (i) The Commitment Letter may be signed and delivered by fax or by electronic mail in Portable Document Format (PDF) and in counterparts with the same effect as if all parties had executed the same document.
- (j) Any notice permitted or required hereunder shall be sent by regular mail to the Borrower's last known address, and shall be effectively given three business days after posting.

The Commitment Letter is the entire agreement between the parties and supersedes any prior agreement made between them. The Commitment Letter may only be amended in writing.

PARTIAL DISCHARGES: The Lender may agree to discharge its security upon an individual property charged by the Lender’s Security upon receipt of either:

1. 100% of the net sales proceeds (defined as sale price, less reasonable real estate commissions plus GST, legal costs associated directly with the sales conveyance, property tax adjustments and any other reasonable adjustments (water, strata fees, etc.) for the sale of similar property), and;
2. The Lender receives (notwithstanding the above) not less than 90% of the appraised value of the property. The appraised value will be based on the appraisal received by the Lender for the purposes of approving the Loan Application;
3. Pre-payment charges, if any, will apply to any partial payment on the loan due to sale of a property within the Security, transfer of property within the security resulting in a partial payment or any refinance of a property within the Security resulting in a pre-payment on the Loan (only applies if loan is closed).

The Lender will be under no obligation to discharge its security if the request to discharge does not meet the above conditions.

Borrower Initials

Borrower Initials

RENEWAL: *There is no automatic right to renew this Loan. Prior to the Maturity Date, Fisgard may send a Renewal Offer. If the balance of the Loan, interest and all other amounts due are not paid in full on the Maturity Date, and if Fisgard has sent a Renewal Offer, then the Loan shall be renewed based on the terms contained in the Renewal Offer, and the terms of this Loan Approval, as amended by the Renewal Offer, shall continue in full force and effect and will be binding upon the Borrower and the Guarantor without further notice to any of them. Upon renewal, the Interest Rate may increase.*

Borrower Initials

Borrower Initials

Loan Amount -

IDENTIFICATION VERIFICATION

Full Name: CHARLES TED DU RUSSEL

Date of Birth: S.I.N.:

Occupation:

Current Address: Street City Province Postal Code

Mailing Address: (If different from above): Street City Province Postal Code

Telephone / EMail Home Work Cell Facsimile Electronic Mail

Identification #1: Driver's Licence
If the above named individual does not have a driver's licence then:
Manitoba ID Passport Citizenship Card
Government Issued Photo ID (please describe)
Number: Expiry:
Place of Issue:

Identification #2: Passport Citizenship Card Health Care Card
Credit Card Birth Certificate Foreign Passport
Government Issued Photo ID (please describe)
Number: Expiry:
Place of Issue:

I am a Barrister and Solicitor and/or Notary Public in the Province of MANITOBA. I have, firstly, met with and personally ascertained the identity of the individual named above and, secondly, reviewed the original identification documents described above (true copies of which are annexed hereto.)

Print Name:

Date:

Fee Schedule

Account History	\$25
Account Research (per hour)	\$25 plus costs
Amortization Changes (<i>no charge if requested within annual mortgage repayment privilege</i>)	\$50
Amortization Schedule (<i>no charge if frequency change/payment amount change request</i>)	\$25
Annual Statement (issued each January)	Free
Additional annual or monthly statements	\$25
Over 2 years	\$75
Bank Confirmation	\$25
Credit Bureau (only if outside initial approval or renewal)	\$25
Discharge (per title discharged)	
All Provinces except Alberta and BC	\$275
BC (from lawyer)	\$75
Alberta (from lawyer or internal refinance)	No Charge
Draw fee for Construction (unless otherwise stated)	\$250 per draw plus HST
Document Execution – per document to be signed (Mylar, Easement, Right of Way, etc)	\$150 per document
Payout Request (1 st request in calendar year)	Free
2 nd request for payout	\$25
Information statement	\$25
Inspection Fee (Fisgard to view a property)	As noted in approval
Land Title Activity Flag	\$15
Manual PAC	No Charge
NSF and or Late payment	\$75
Payment Frequency / Change (for more than once a year)	\$50
PPR Renewal for GSA Security (regardless of term of renewal)	\$50 per renewal
Property Tax Search	\$40
Registered Mail	\$15
Title Search	\$25

***All fees are subject to change without notice

Prepayment Penalty Calculation for closed term loans.

If you would like to pay out your mortgage before the end of your closed mortgage term, a prepayment penalty for an early discharge will apply.

As stated in your mortgage documents, the prepayment penalty for an early discharge is of 3 months interest on your mortgage. The 3 month penalty is calculated by taking the balance of your mortgage as at the last payment date, multiplied by the interest rate and multiplying by (3 months divided by 12).

Example:

Balance on mortgage: \$200,000. Interest rate: 5.5%.

$\$200,000.00$ (balance) X 5.50% (interest rate) X 3/12 = \$2,750.00