



A division of ConnectFirst Credit Union Ltd.

## THE LAND TITLES ACT

# MORTGAGE

### SUNNYHILL HOUSING CO-OPERATIVE LTD.

who or whose successors and assigns are hereinafter included in the expression the "Mortgagor", being the owner of a leasehold interest in the Lands subject however to such encumbrances, liens and interests as are notified by memorandum underwritten or endorsed hereon, mortgages and subleases the Lands to the Mortgagee for and during the unexpired residue of the term of each Lease (except the last day of each such Lease) and every other estate, term, right of renewal and other interest of the Mortgagor in each Lease. Where, at any time before the full performance of all obligations of the Mortgagor under this Mortgage, the Mortgagor acquires the freehold estate to all or any part of the Lands, the Mortgagor hereby agrees and undertakes to, and shall mortgage that freehold estate to the Mortgagee. The following is the legal description of the mortgaged land (defined as the "Lands" in this Mortgage):

**A Leasehold Estate for a Term of 60 Years Commencing on the 24<sup>th</sup> day of September, 1979 of and in:**

PLAN 7711604  
BLOCK A  
EXCEPTING THEREOUT ALL MINES AND MINERALS

in consideration of the sum of One Million Eight Hundred Two Thousand and 00/100 (\$1,802,000.00) Dollars

lent by **CONNECT FIRST CREDIT UNION LTD.**

whose address in Alberta is P.O. Box 908, Calgary, Alberta, T2P 2J6

who and whose successors and assigns are hereinafter included in the expression the "Mortgagee", the receipt of which sum the Mortgagor does hereby acknowledge, covenant with the Mortgagee as follows:

1. THAT the Mortgagor will pay to the Mortgagee the above sum as follows:

INTEREST at the rate hereinafter stated on the amounts from time to time advanced, the time of advance being the time the money herein is paid to the solicitor drawing this mortgage, computed from the respective dates of such advances until the 5<sup>th</sup> day of July, 2018 shall become due and be paid on the date last mentioned (hereinafter referred to as the "date for adjustment of interest"), and thereafter the aforesaid sum together with interest on such sum at the rate hereinafter stated, computed from the date for adjustment of interest, shall become due and be paid by monthly instalments of Twenty-Three Thousand Seven Hundred Twenty-Nine and 00/100 (\$23,729.00) Dollars each (which include principal and interest) on the 5<sup>th</sup> day of each and every month in each and every year from and including the 5<sup>th</sup> day of August, 2018, to and including the 5<sup>th</sup> day of July, 2023, and the balance of the said principal sum and interest shall be paid on the date last mentioned.

THAT the Mortgagor will pay to the Mortgagee interest, in the manner aforesaid, on the principal sum remaining from time to time unpaid at the rate of **Fifteen and 00/100 (15.00%) per cent per annum**, calculated **monthly** and not in advance, all interest in arrears to become principal and to bear interest at the rate aforesaid. And that in case the sums hereby secured be not paid on the days above set forth the Mortgagor will, so long as said sums or any part thereof remain unpaid or owing in the security hereof, or during the continuance of this security, pay interest from day to day on the said sums or on so much thereof as shall for the time being remain due, owing or unpaid during the continuance of this security. And the Mortgagor further covenants that the taking of judgment or judgments under any of the covenants herein contained shall not operate as a merger of the said covenants, or affect the Mortgagee's right to interest at the above rate, on any moneys due and owing to the Mortgagee during the continuance of this security under the covenants herein contained or on any judgment to be recovered thereon. Provided that on default of payment of any instalment of interest secured under this Mortgage the same shall thereupon become part of the principal hereby secured and shall bear interest from the time when same becomes due at the rate aforesaid, and on each day when any instalment of interest falls due hereunder, until the whole of the said principal and interest secured hereby is fully paid and satisfied. All sums of money, whether interest or otherwise then due and remaining unpaid, shall become principal and bear interest at the rate aforesaid. Payments as above shall be applied firstly to interest and secondly to principal. And the Mortgagor further covenant that the Mortgagee shall be entitled to interest after judgment on any judgment obtained at the mortgage rate set out herein. The Mortgagor hereby waives all relevant provisions of the *Interest Act* of Canada or any legislation similar thereto or in replacement thereof.

2. THAT if any default shall happen to be made in any payment of principal or interest or any of the moneys hereby secured or any part thereof, then, and in such case, the whole principal moneys hereby secured shall, at the option of the Mortgagee, become due and payable in like manner to all intents and purposes as if the time herein mentioned for payment of such principal money had fully come and expired, AND in the event of making a breach of any of the covenants in this Mortgage contained, then such breach shall be deemed to be a default in payment of interest, and the Mortgagee shall at its option be at liberty to call in forthwith the whole of the principal and interest secured by this Mortgage and eject all persons in possession of the Lands. PROVIDED, however, and the parties hereby agree that the powers in this paragraph contained must be actually invoked to become effective and that nothing herein contained shall cause any limitation periods prescribed in the *Limitations Act* of Alberta, or any similar or replacement legislation, to commence to run unless and until the Mortgagee shall actually exercise the option hereinbefore contained. It is further agreed that the issuance of a Statement of Claim shall itself be sufficient notice of the exercise, by the Mortgagee, of its option herein contained.

AND the Mortgagor further covenants that the Mortgagee shall not be bound to pursue action on its covenant or in debt together with an action to realize upon the security created herein, but the Mortgagee shall have the right to commence separate actions on each and every covenant should it so desire, with separate action in foreclosure should it so desire. Judgment in any one action shall not operate to merge any rights of the Mortgagee to separately pursue other covenants, or foreclosure action.

3. THAT

- (a) The Mortgagor shall forthwith insure and during the continuance of this security keep insured in favour of the Mortgagee, against loss or damage by fire and, as the Mortgagee may require, insure against loss or damage by tempest, tornado, cyclone, lightning and such other risks and perils as the Mortgagee may deem expedient, each and every building on the Lands and which may hereafter be erected thereon, both during erection and thereafter, and all chattels secured herein, for the full insurable value thereof in lawful money of Canada. In the case of commercial properties this covenant shall in addition include boiler, plate glass, rental and public liability insurance in an amount satisfactory to the Mortgagee.
- (b) Prior to the making of any advance by the Mortgagee, the Mortgagor shall forthwith assign, transfer and deliver over unto the Mortgagee a policy or policies and receipts thereto appertaining evidencing such insurance, and at least fifteen days prior to the expiry of a policy or at least five days prior to the date fixed for cancellation of a policy should notice of cancellation be given, the Mortgagor shall deliver to the Mortgagee evidence of renewal or replacement.

- (c) Every policy of insurance shall be effected in such terms and with such insurer as may be approved by the Mortgagee; the loss under each policy shall be made payable to the Mortgagee with preference in its favour over any claim of any other person and each policy shall be retained by the Mortgagee during the currency of this loan. Should an insurer at any time cease to have the approval of the Mortgagee, the Mortgagor shall effect such new insurance as the Mortgagee may desire.
- (d) In the event of failure on my part to execute any obligation undertaken under this section, the Mortgagee may effect such insurance as it deems proper and the Mortgagor covenants to repay to the Mortgagee all premiums paid by it, and the amount of such premiums, from the date same are actually paid by the Mortgagee, shall in the meantime be added to the principal sum and shall be a charge upon the Lands and shall bear interest at the rate aforesaid.
- (e) In case of loss or damage, the Mortgagor shall immediately notify the Mortgagee and the Mortgagee shall have the right to apply the funds wholly or in part in reduction of the indebtedness hereby secured notwithstanding that no amount at such time may be due and payable under the terms of repayment, or the funds, at the Mortgagee's sole discretion, may be used to meet costs of repair or reconstruction or may be paid in whole or in part to the Mortgagor, or to its assigns in which event the sum shall not be credited on the mortgage account, or partly in one such manner and partly in another. No damage may be repaired nor any reconstruction effected without the approval of the Mortgagee. The Mortgagee, may, at its option in case of loss or damage by fire, declare the whole amount of the principal monies hereby secured along with any unpaid interest, to be due and payable. It is further agreed that the issuance of a Statement of Claim shall itself be sufficient declaration, by the Mortgagee, of its election to declare the balance outstanding to be due and payable.
- (f) The Mortgagor hereby assigns absolutely to the Mortgagee all of its rights to, and interest in, any insurance proceeds payable with respect to the improvements to the Lands and the contents thereof.

4. THAT all moneys received by virtue of any policy or policies of insurance may, at the option of the Mortgagee, either be forthwith applied in or towards substantially rebuilding, reinstating and repairing the building(s) on the Lands, or in or towards the payment of the last instalment of principal falling due under and by virtue of these presents and in the case of a surplus in or towards the payment of the instalment next preceding in point of time of payment, and so on until the whole of the principal hereunder shall be paid, and in the case of a surplus, then in or towards payment of interest at the rate aforesaid and so on until the whole of the principal sum and interest hereunder shall be fully paid and satisfied, the balance, if any, to be paid to the Mortgagor.

5. THAT the Mortgagor will furnish, forthwith on the happening of such loss or damage by fire or other hazard or peril, and at its expense, all the necessary proofs of loss and to do all the acts necessary to enable the Mortgagee to obtain payment of the insurance moneys.

6. THAT for the purpose of better securing the punctual payment of the interest on the said principal sum, the Mortgagor does hereby attorn to and become tenant of the Mortgagee for the Lands, at a yearly rental equivalent to the annual interest payable hereunder, to be paid in manner and on the days and times before appointed for the payment of the said interest; and on payment thereof shall be taken to be, and shall be, in satisfaction of the said interest; but nothing in this provision shall make the Mortgagee chargeable or accountable as Mortgagee in possession. Provided also, that the Mortgagee may at any time after default in payment or performance of any covenant or condition hereunder, enter into and upon the Lands, or any part thereof, and determine the tenancy hereby created, without giving any notice to quit.

7. THAT if the Mortgagor defaults in payment of any part of the said principal or interest or any other moneys hereby intended to be secured on any day or time hereinbefore limited for the payment thereof, it shall and may be lawful for the Mortgagee, and the Mortgagor does hereby grant full power and license to the Mortgagee to enter, seize and distrain upon the Lands, or any part thereof, and by distress warrant to recover by way of rent reserved, as in the case of a demise of the Lands, as much of the said principal, interest and other moneys as shall from time

to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent.

8. THAT if the Mortgagor defaults in payment of the principal sum and interest thereon or any part thereof at any of the before appointed times, then the Mortgagee shall have the right and power, and the Mortgagor does hereby covenant with the Mortgagee for such purpose, and does grant to the Mortgagee full license and authority for such purpose, when and so often as in its discretion it shall think fit, to enter into possession, either by itself or its agent, of the Lands, and to collect the rents and profits thereof, and to make any demise and at such rent as it shall think proper, and that any proceedings for sale or foreclosure may be taken either before or after and subject to such demise or lease. To better give effect to the provisions of this paragraph, the Mortgagor hereby assigns to the Mortgagee all rents due or accruing due, present and future, with respect to the Lands. Nothing in the foregoing provisions shall make the Mortgagee chargeable or accountable as a Mortgagee in possession.

9. THAT the Mortgagee shall be entitled (in addition and without prejudice to all its other rights and privileges) forthwith to apply for and obtain the appointment of a Receiver or Manager, or Receiver and Manager or Receiver-Manager (hereinafter referred to as the "Receiver") of the Lands and of the rents, issues and profits thereof without the necessity of first exercising its right to enter into possession and every such Receiver shall be deemed the agent of the Mortgagor, and the Mortgagor shall be solely responsible for the acts or defaults of the Receiver and the Receiver shall have power to demand, recover and receive all the income of the property of which he may be appointed Receiver by action, distress or otherwise, either in the name of the Mortgagor or the Mortgagee, and give effectual receipts therefor and every such Receiver may by writing at the discretion of the Mortgagee be vested with any or all of the powers and discretions of the Mortgagee herein contained and such Receiver may complete or carry on the business of the Mortgagor relating to the Lands or any part thereof and in so doing shall have the same powers as the Mortgagor would have had in carrying on the same if it had not been in default hereunder, and for such purpose, the Receiver may borrow or raise money by way of security on all or any part or parts of the Lands, either in priority to this Mortgage or otherwise, and may exercise all the powers conferred upon the Mortgagee hereby; AND THAT the Receiver may be removed, AND THAT if any Receiver is removed, dies or refuses to act or becomes incapable of acting a new Receiver may be appointed from time to time by the Mortgagee; AND THAT the Mortgagee may from time to time fix the remuneration of every Receiver and may recompense every such Receiver for all disbursements properly incurred by it in carrying out his duties, and its fees and such payments shall be added to the principal herein and be a charge upon the Lands and shall be payable on demand and shall bear interest at the rate then in effect, but the Mortgagee shall not be deemed to be a mortgagee in possession and shall not be accountable except for the monies actually received by it and the person paying money to, or in any way dealing with, the Receiver shall not be concerned to inquire whether any case has happened to authorize the Receiver to act and that subject to the retention of its remuneration and disbursements as aforesaid, the Receiver shall apply all monies received by it in such of the following modes and in such order or priority, subject to the order of any court of competent jurisdiction, or as otherwise provided at law, as the Mortgagee may from time to time at its option direct in writing, namely: IN discharge of all rents, taxes, rates, assessments and outgoing whatever affecting the Lands; and payment of all annual sums or other payments; and in making any payments due under any prior mortgage or lien; and in payment of any premiums for fire, or other insurance, if any, properly payable under this Mortgage, payment of which is directed or confirmed in writing by the Mortgagee; and in payment of the cost of executing necessary or proper repairs to the Lands or any part thereof directed or confirmed in writing by the Mortgagee; and in payment of the cost of carrying out or executing any of the powers, duties or discretions which vest in or may be vested in the Receiver by reason of the provisions contained in this Paragraph; and in payment of the interest accruing due under this Mortgage, and in or towards the discharge of the principal monies or any instalments thereof and solicitors' costs and other monies due and payable under this Mortgage, if and to the extent directed in writing by the Mortgagee; and shall pay the residue, if any, of the money received by it to the person who, but for the possession of the Receiver, would have been entitled to receive the income.

10. THAT the Mortgagor will pay all taxes, utilities and rates, condominium levies, liens, charges, and encumbrances, which are now or may hereafter be levied or charged against the Lands, or on this Mortgage or on the Mortgagee in respect of this Mortgage and that the Mortgagee may at such time or times as it may deem necessary, without the concurrence of any other person, make arrangements for the repairing, finishing, adding to or putting in order any building or buildings, or improvements on the Lands and for managing and taking care of the Lands and premises and may pay any such taxes, utilities and rates and any liens, condominium levies,

charges or encumbrances upon the Lands, and moneys for insurance, and the amount so paid or indebtedness incurred as aforesaid by the Mortgagee, together with all costs, charges and expenses which may be incurred in connection therewith or in the taking, recovering and keeping possession of the Lands or inspecting the same (including allowances for such purpose) and generally in any other steps or proceedings, whether in Court or not, taken to protect his security or realize the moneys hereby secured, or to perfect the title to the Lands, shall become part of the principal hereby secured and be a charge on the Lands in favour of the Mortgagee, and shall be payable forthwith by the Mortgagor, its heirs, executors, administrators, successors or assigns to the Mortgagee with interest at the rate aforesaid from the date of payment of same by the Mortgagee, and in default, proceedings for sale or foreclosure may be taken in addition to all other remedies. In the event of the money hereby advanced, or any part thereof, being applied to the payment of any charges or encumbrances, the Mortgagee shall stand in the position of and be entitled to all the rights and remedies, whether legal or equitable of the person or persons so paid, whether any such charges or encumbrances have or have not been cancelled from the titles respecting the Lands.

11. THAT in the event the Lands are vacant or apparently vacant, or in the event it would appear that there is any present or future risk of destruction or damage to the Lands, whether or not the Mortgagor defaults under the terms of this Mortgage, the Mortgagee shall have the right to enter any building located upon the Lands, and shall have the right to forcibly enter if necessary, for the purpose of preserving said building and maintaining adequate electricity and heat to the premises. The Mortgagee shall not by such action be deemed to be a Mortgagee in possession and shall not be considered a trespasser. All of the Mortgagee's costs with respect to so protecting or preserving the premises, or in maintaining heat or electricity, shall be added to the principal secured herein and shall be a charge upon the Lands.

12. THAT, subject as hereinafter in this paragraph provided, the Mortgagor covenants to pay when and as the same fall due all taxes, rates, condominium levies, liens, charges, encumbrances or claims which are or may be or become charges or claims against the Lands or on this Mortgage or on the Mortgagee in respect of this Mortgage. Provided that in respect of municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the Lands, the Mortgagee shall have the right to collect the said taxes in the following manner:

- (a) The Mortgagee may deduct from any advance of the moneys secured by this Mortgage an amount sufficient to pay the taxes which are due or accruing due as at the date of the advance.
- (b) After the date for adjustment of interest the Mortgagor shall pay to the Mortgagee in monthly instalments on the dates on which instalments of principal and interest are payable hereunder, sums estimated by the Mortgagee to be sufficient to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof;
- (c) Except as provided in the last preceding clause, the Mortgagor shall, in each and every month, pay to the Mortgagee one-twelfth of the amount (as estimated by the Mortgagee) of the taxes next becoming due and payable; and shall also pay to the Mortgagee on demand the amount, if any, by which the actual taxes exceed such estimated amount.

The Mortgagee agrees to apply such deduction and payments on the taxes chargeable against the Lands so long as the Mortgagor is not in default under any covenant, proviso or agreement contained herein, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly. Provided however, that if, before any sum or sums so paid to the Mortgagee shall have been so applied, there shall be default by the Mortgagor in respect of any payment of principal or interest as herein provided, the Mortgagee may apply such sum or sums in or towards payment of the principal and/or interest in default. the Mortgagor further covenants and agrees to transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of taxes and rates, condominium levies, liens, charges and encumbrances, forthwith after the receipt of same.

The Mortgagor further agrees that it shall not be entitled to any interest on any monies paid by

it to the Mortgagee on account for the taxes, rates, liens, charges, or claims above noted.

Notwithstanding the foregoing, the Mortgagee shall not be obliged to collect taxes as aforesaid.

13. THAT upon default being made in payment of any of the moneys hereby secured, the Mortgagee shall be entitled to sell and convey the Lands and premises, without entering into possession of the same and without giving any notice to the Mortgagor of its intention so to do, and either before or after and subject to any demise or lease made by the Mortgagee as hereinbefore provided. Provided that any sale made under the powers hereby given may be on such terms as to credit or otherwise as shall appear to the Mortgagee most advantageous, and for such price as can be reasonably obtained therefor, and that sales may be made of any portion or portions of the Lands and premises, from time to time to satisfy any interest or any part of the principal overdue, leaving the principal balance thereof to run at interest payable as aforesaid, and the Mortgagee may make any stipulation as to the title or otherwise as to the Mortgagee may seem proper, and the Mortgagee may rescind or vary any contract for sale of any of the Lands and premises, and resell without being responsible for any loss occasioned thereby; and for any of the said purposes may make and execute such agreements and assurances as shall be by the Mortgagee deemed necessary.

THAT in the event the Mortgagor defaults under any covenant, proviso, or agreement contained herein, then, in this event, it irrevocably appoints the Mortgagee as attorney on its behalf to execute such Agreements for Sale or Transfers of Land as may be necessary to effect the sale of same.

14. THAT in the event that this Mortgage is granted and approved by the Mortgagee as a second or other subsequent charge upon the Lands, the Mortgagor covenants and agrees that it will well and truly pay all money accruing due under all prior mortgages and encumbrances charging the Lands, as and when the same shall become due, and that it will well and truly observe and perform the covenants of the Mortgagor or encumbrancer in any prior mortgage or encumbrance contained and in the event it defaults in payment of the said moneys due under any prior mortgage or encumbrance or shall fail to observe or perform the covenants of the Mortgagor or encumbrancer in any prior mortgage or encumbrance contained then such default or failure shall constitute default under this Mortgage; AND FURTHER that in the event of default in payment of the moneys due under any prior mortgage or encumbrance, the Mortgagee shall have the right, but not the obligation, to pay the same and any moneys so paid by the Mortgagee herein shall forthwith be due and payable to the Mortgagee together with interest thereon at the rate herein mentioned, and shall be added to the principal herein and be a charge upon the Lands and shall be recoverable, *inter alia*, by foreclosure proceedings along with other moneys secured by this Mortgage.

15. THAT the Mortgagor shall not be entitled to a discharge of this Mortgage until and unless it shall have kept and performed all the covenants, provisos, agreements and stipulations herein contained, whether the Mortgagee has taken legal proceedings thereon and recovered judgment or otherwise, and the further covenants with the Mortgagee that it shall and will in everything do, perform and keep all the provisions and covenants in these presents, according to the true intent and meaning thereof.

16. THAT the said Mortgagee shall not be bound for any reason whatsoever to advance the money hereby intended to be secured nor shall the Mortgagee, in the event of advancing or having advanced a portion, be bound to advance the balance thereof. And it is further agreed that the Mortgagee may release any part or parts of the Lands at any time in its sole discretion, either with or without any consideration therefor, without responsibility therefor and without thereby releasing any other part of the Lands, or any collateral security, or any person from this Mortgage, and from any of the covenants herein contained or contained in any collateral security.

AND further, if any portion of the principal sum secured by this Mortgage shall not be advanced at the date hereof the Mortgagee may advance the same in one or more sums at any future date or dates and the amount of such advances, when so made, shall be secured by this Mortgage and be repayable with interest as above provided, and shall be considered and treated as having been so secured and advanced as at the date of this Mortgage. The advance in part of the principal sum shall not bind the Mortgagee to advance the whole of the principal sum or any unadvanced portion thereof, but nevertheless the charge or mortgage by this Mortgage created shall take effect forthwith on the execution of the Mortgage.

AND further, all advances of the principal sum, which are repaid to the Mortgagee, may from time to time

be readvanced, in whole or in part, by the Mortgagee, and such readvances shall form part of the principal herein and be a charge upon the Lands. (The principal sum may accordingly be repaid in full and re-advanced thereafter. This Mortgage shall therefore remain as security until a discharge of same has been signed by the Mortgagee.) This Mortgage shall be considered to be a revolving line of credit mortgage up to the principal sum secured herein and shall take priority pursuant to the appropriate provisions of the *Land Titles Act* of Alberta.

17. THAT any erection, machinery, fixed or otherwise, buildings or improvements now or hereafter put upon the Lands shall thereupon become fixtures, and be part of the realty and form a part of this security.

18. THAT in case of default being made in any of the covenants, agreements, provisos, and stipulations herein contained, or that are contained in any collateral security, and by reason of such default the Mortgagee considers it necessary to place this Mortgage in the hands of its solicitors (whether for the purpose of pursuing the Mortgagor on the covenant to pay, of realization on the security, or both) then the Mortgagor covenants and agrees with the Mortgagee to pay the full costs of the said solicitors as between solicitor and its own client. Any costs incurred by the Mortgagee to its solicitor shall, at the time the costs are incurred, be principal outstanding and shall bear interest as set out in this Mortgage and shall be a charge on the Lands.

THAT, in the event the Mortgagee considers it necessary to pursue any collateral security to this Mortgage, and places same in the hands of his solicitors, then the Mortgagor covenants and agrees with the Mortgagee to pay the full costs of the said solicitors, as between solicitor and his own client. Any such costs incurred by the Mortgagee to its solicitors shall, at the time the costs are incurred, be principal outstanding and shall bear interest as set out in this Mortgage, and shall be a charge on the Lands.

19. THAT during the existence of this Mortgage, the Mortgagor will not permit or suffer any act of waste upon the Lands, and will during the existence of these presents well and sufficiently repair, maintain, mend and keep the buildings now or hereafter on the Lands and all fixtures and things thereunto affixed in good and substantial repair. Should the Mortgagor sell the Lands during the existence of this Mortgage, with the Mortgage being assumed, such sale shall not relieve the Mortgagor of its obligations contained in this paragraph, and it shall be liable to the Mortgagee for any damages resulting from the breach of its covenant herein, NOTWITHSTANDING such damages may be caused by the purchaser, or subsequent purchasers.

20. THAT, in case that this is a mortgage on farm lands the Mortgagor agrees that the Mortgagee may insure the crops now or hereafter on the Lands if any of the Lands are now or shall thereafter be brought under cultivation, for the amount of their full insurance value against loss or damage by hail and all premiums therefor shall be recovered and that the Mortgagor will if any part of the Lands be now under cultivation or if any part of the Lands shall hereafter during the continuance of this security be brought under cultivation, cultivate all such part or parts in the most approved husbandlike manner so as to maintain the Lands in a good state of cultivation; PROVIDED, however, that the Mortgagor may summer-fallow in good farmerlike manner one-third of all broken acres of such cultivated lands (if any) in any year.

21. THAT the waiver of one or more defaults under this Mortgage shall not be construed as a waiver of any subsequent or other default. AND it is further agreed that the foreclosure, cancellation or any other dealings with any other security for the moneys advanced hereunder or secured hereby shall not release or affect this Mortgage and that the taking of this Mortgage or the foreclosure or cancellation thereof or any other dealings with, or proceedings under this Mortgage shall not release or affect any other security held by the Mortgagee for the moneys advanced or secured hereby, and shall not affect the Mortgagee's right to pursue the Mortgagor in debt or upon any other of the covenants in this Mortgage contained.

22. THAT all fees and charges of the Mortgagee's solicitors, on a solicitor and its own client basis, in connection with the preparation and registration of this Mortgage and passing on of title to the Lands shall be paid by the Mortgagor forthwith and if the Mortgagor defaults in paying the same, the Mortgagee may pay the amount of such fees and charges and add the amount so paid to the principal sum hereby secured and it shall thereafter be a charge on the Lands in favour of the Mortgagee and shall be repayable with interest as aforesaid.

23. (a) The Mortgagor has a good title to the Lands;  
(b) The Mortgagor has a right to mortgage the Lands;

- (c) In case of a default the Mortgagee shall have quiet possession of the lands free from all encumbrances;
- (d) The Mortgagor will execute such further assurances of the Lands as may be requisite;
- (e) The Mortgagor has done no act to encumber the Lands other than as disclosed upon the Certificate of Title to the Lands as of the date hereof.

24. THAT this Mortgage and all the covenants herein shall be binding upon and enure to the benefit of the executors, administrators, successors and assigns of the parties hereto respectively and wherever the singular or masculine is used throughout this Mortgage, the plural or feminine or body corporate shall be implied wherever the context so requires. And it is further agreed that if this Mortgage is entered into and executed by more than one person then all the covenants and stipulations herein contained and implied shall apply to and be binding upon all Mortgagors jointly and severally.

25. THAT the Mortgagor is aware of the provisions of the *Law of Property Act* of Alberta, or any legislation similar thereto or in replacement thereof, whereby it is provided that in any action brought upon any mortgage of land the remedy of the Mortgagee is limited to the Lands alone and no action shall lie on the covenant for payment contained in such mortgage, and in consideration of the within Mortgage the Mortgagor hereby waives the said provisions of the said Act and agree with the Mortgagee, its successors and assigns, that in the event that the Mortgagor is in default the Mortgagee may proceed against the Mortgagor under this Mortgage, and on my personal covenants herein contained notwithstanding the provisions of the said act or any legislation similar thereto or in replacement thereof.

26. THAT this Mortgage is collateral security only for the due payment of the indebtedness hereby secured and that the Mortgagee may from time to time extend the time for the payment of the indebtedness hereby secured and may take bills or notes to cover the same or any part thereof and may from time to time renew such bills or notes so that the time for payment of any such indebtedness is extended beyond the time mentioned hereby, without affecting the liability of the Mortgagor hereunder or the security hereby given and nothing but the actual payment and satisfaction of such indebtedness shall discharge the Mortgagor or this Mortgage. Any renewal of this Mortgage shall be at such interest rate and upon such other terms as may be agreed upon by the parties hereto, or by the then registered owner and the Mortgagee, and such interest rate and such other terms as may be agreed upon by the parties hereto, or by the then registered owner and the Mortgagee, and such interest rate and such other terms shall be binding without the necessity of registering an extension or amending agreement against the title to the Lands, on all persons who may take an interest in the lands subsequent to this Mortgage, notwithstanding that such interest may be at a rate greater than is set out herein.

27. THAT NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, it is hereby understood and agreed that in the event of transfer or entering into any agreement of sale or transfer of title of the property hereby mortgaged, without having prior consent in writing of the Mortgagee, this Mortgage shall become immediately due and payable at the option of the Mortgagee and such option may be exercised by notice in writing sent to the Mortgagor by prepaid mail at the address last known to the Mortgagee. In the event that title or possession of the Lands has been obtained by a purchaser or transferee without the prior consent in writing of the Mortgagee the aforesaid option may be exercised by notice in writing sent to the aforesaid purchaser or transferee by prepaid mail at the address of the aforesaid purchaser or transferee last known to the Mortgagee. It is further agreed that the issuance of a Statement of Claim shall itself be sufficient notice of the exercise, by the Mortgagee, of its option herein contained.

28. THAT in the event of discharge the Mortgagor will pay all costs of discharge including legal fees for preparation of discharge and the Mortgagee shall have a reasonable time to prepare and provide the discharge documents.

29. THAT the Mortgagor covenant with the Mortgagee that, in the event of non-payment of the said principal monies at the time or times above provided, the Mortgagor shall not require the Mortgagee to accept payment of the said principal monies without first giving three (3) months' previous notice in writing, or paying a bonus equal to three (3) months' interest in advance on the said principal monies.

30. THAT it is hereby agreed that this Mortgage is taken as collateral security only for the due payment of the



said indebtedness and interest thereon and none of the rights and remedies of the Mortgagee in respect of the indebtedness or in respect of any note, cheque or other security now or hereafter acquired shall in any way be delayed or prejudiced by these presents.

31. THAT the principal money intended to be secured hereby is the sum of \$1,802,000.00 and interest is at the effective rate of 15.477% per centum per annum calculated half yearly and not in advance.

32. THAT the terms of repayment of and the rate of interest payable under this Mortgage may be varied, extended, increased or decreased or otherwise amended as the Mortgagee and the then registered owner(s) of the Mortgagor's current interest in the Lands may determine and agree in writing, from time to time and whether before, as at, or after the then maturity date of this Mortgage, and all of the same without prejudice to the rights of the Mortgagee against either the initial Mortgagor hereunder or any other person(s) liable for the payment of the monies secured by this Mortgage; further any alteration aforesaid may but need not be registered against the Lands and whether or not so registered, this Mortgage, as so altered, shall rank in priority to any and all interests registered against the lands subsequent to the registration of this Mortgage as if and to the extent that said alteration had been registered before the registration of any of said subsequent interests.

33. THAT in the event the Lands are wholly or partially taken by expropriation or by the right of an eminent domain, or any similar such taking, then the following shall apply:

- (a) The entire balance of principal or interest then outstanding shall forthwith and without demand or notice become due and payable;
- (b) The Mortgagor hereby assigns to the Mortgagee the full proceeds to be obtained or acquired in any such taking and further assigns to the Mortgagee the Mortgagor's right to negotiate settlement on its behalf with the taking authority.

34. THAT the Mortgagor pledges and charges to and in favour of the Mortgagee, as additional security for the sums advanced under this Mortgage, all appliances which shall include, but not be limited to, the following: refrigerator, freezer, dishwasher, stove, and microwave oven, and whether same shall be built-in or movable in nature and whether currently at the Lands or later brought onto the Lands and the Mortgagor further agrees not to remove these appliances while there are any sums outstanding to the Mortgagee.

35. THAT in the event the Mortgagee is a Credit Union, this Mortgage shall be and is deemed to be a Loan Agreement pursuant to the requirements of the *Credit Union Act* of Alberta or any legislation similar thereto or in replacement thereof.

36. THAT the Mortgagor acknowledges and agrees that the terms and conditions of the offer of credit giving rise to this Mortgage, addressed to the Mortgagor and accepted by the Mortgagor (as amended from time to time, herein called the "Commitment Letter"), are hereby incorporated by reference as terms and conditions of this Mortgage and shall not merge herein and that default in any of such terms or conditions shall constitute default hereunder and that in the event of any conflict, the terms and provisions of the Commitment Letter shall govern.

37. THAT any default by the Mortgagor under any of the terms, covenants, provisos or conditions of any other security granted as additional or collateral security to this Mortgage shall, at the election of the Mortgagee, constitute and be deemed a default under this Mortgage.

38. THAT in the event of the Mortgagor further encumbering its assets or making direct or indirect changes in its ownership, without the prior written consent of the Mortgagee, which consent shall not be unnecessarily withheld provided that the Mortgagor is not then in default hereunder, all monies hereby secured with accrued interest thereon shall immediately become due and payable at the Mortgagee's option and sole discretion.

39. THAT in the event the Lands or part of the Lands is a condominium under the *Condominium Property Act* of Alberta or similar legislation, the following shall apply:

- (a) "Condominium Corporation" as used herein means the Condominium Corporation of which the

Mortgagor is a member by virtue of the ownership by the Mortgagor of the condominium unit being charged by this Mortgage.

- (b) The Mortgagor hereby assigns, transfers and sets over unto the Mortgagee all its rights which now exist, or may hereafter come into existence, to vote at meetings of the Condominium Corporation:
  - (i) In all cases in which a unanimous or special resolution is required by the *Condominium Property Act* of Alberta as amended, the By-Laws of the Corporation, or any Agreement with the Condominium Corporation,
  - (ii) In all other cases other than as referred to in Subclause (i) of this Clause (b), provided that in the event the Mortgagee is either not present, or present by proxy, if present, does not wish to vote, then the Mortgagor may exercise the voting right without further authority.
- (c) The Mortgagor hereby covenants and agrees to execute any documents which the Mortgagee may request the Mortgagor to execute, including, but not limited to proxies if required, in order to give effect to the assignment of the aforesaid voting rights of the Mortgagee.
- (d) The Mortgagor agrees to observe and perform all covenants and provisions required to be observed and performed pursuant to:
  - (i) The terms of this Mortgage;
  - (ii) The *Condominium Property Act* of Alberta, all amendments thereto, and any legislation passed in substitution thereof, and
  - (iii) The By-Laws and Regulations of the Condominium Corporation and any amendments thereto.
- (e) The Mortgagor further covenants and agrees that where it defaults in its obligation to contribute to the common expenses assessed or levied by the Condominium Corporation, or any authorized agent on its behalf, or any assessment, instalment or payment due to the Condominium Corporation or upon breach of any covenant or provision hereinbefore in this paragraph contained, including those covenants or provisions referred to in Clause (d) hereof, regardless of any other action or proceeding taken to be or taken by the Condominium Corporation, the Mortgagee, at its option and without notice to the Mortgagor, may deem such default to be default under the terms of the Mortgage and proceed to exercise its right herein.
- (f) Upon default herein and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may distrain for arrears of any assessments, instalments or payments due to the Mortgagee or arising under any of the clauses herein contained.
- (g) The Mortgagee shall have the right to pay any condominium levies in arrears, whether or not same rank in priority to this Mortgage; and any money so paid shall be repayable by the Mortgagor forthwith and shall be added to the principal herein and shall be a charge upon the Lands.

40. THAT the Mortgagor represents and warrants to the Mortgagee that neither the Mortgagor, nor to the best of its knowledge, any other person, have ever caused or permitted any hazardous materials to be placed, held, located, or disposed of on, under or at the Lands, (except in compliance with applicable laws) and that its business and assets are operated in compliance with the applicable laws intended to protect the environment (including, without limitation, laws respecting the disposal or emission of hazardous materials).

THAT the Mortgagor further represents and warrants to the Mortgagee that no enforcement actions with respect to environmental matters relating to the lands are threatened or pending, and that to the best of its knowledge there are no violations of any federal, provincial, or local environmental laws with respect to the Lands. The Mortgagor covenants and agrees that, if any such violation should come to its attention during the currency of this Mortgage, the Mortgagor shall immediately notify the Mortgagee of same.

THAT the Mortgagor covenants and agrees that it will, at all times during the continuance of this Mortgage, operate the lands in compliance with applicable laws intended to protect the environment (including, without limitation, laws respecting the disposal or emission of hazardous materials) and shall permit the Mortgagee to conduct inspections and appraisals of all or any of its records, business and assets, at any time, from time to time, to ensure such compliance. The Mortgagor shall promptly pay all of the costs and expenses of conducting such inspections and appraisals, including costs on a solicitor-and-its-own-client basis, in default of which such costs and expenses shall immediately be added to the principal monies hereby secured, and shall be a charge against the lands and shall bear interest at the mortgage rate until repaid. The Mortgagor hereby indemnifies the Mortgagee, its officers, directors, employees, agents, and shareholders and agrees to hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses and claims of any, and every kind whatsoever, relating to the hazardous materials placed, held, located, or disposed of on the Lands, including without limitation:

- (a) costs, on a solicitor-and-own-client full indemnity basis, of defending and/or counterclaiming or claiming against third parties in respect of any action or matter; and
- (b) any costs, liability or damage arising out of a settlement of any action entered into by the Mortgagee, with or without my consent, which at any time, from time to time, may be paid, incurred or asserted against any of them for, with respect to, or as a direct or indirect result of, the presence on or under, or escape, seepage, leakage, spillage, discharge, emission, or release from the Lands, or into or upon any lands, the atmosphere, any water course, body of water or wetland, of any hazardous materials; and
- (c) a reduction in the value of the Lands.

41. THAT this Mortgage shall be governed by the Laws of the Province of Alberta. In the event action under this Mortgage is commenced in a court of competent jurisdiction in the Province of Alberta, the Mortgagor hereby agrees to attorn to the jurisdiction of the Alberta Court in the said action.

42. PREPAYMENT

THAT the Mortgagor shall have the right to prepay this Mortgage as set out in Schedule "A" attached hereto.

43. THAT for the better securing to the Mortgagee the repayment in manner aforesaid of the said principal and interest and other charges and money hereby secured the Mortgagor does hereby mortgage to the Mortgagee all its estate and interest in the Lands.

44. If the Mortgagee requires other agreements, documents, mortgages, security agreements, assignments of rentals, assignments of leases or any other securities (herein referred to collectively as "Other Securities") in connection with this mortgage loan or as a condition precedent to the advance of the loan proceeds or any portion thereof, then the Mortgagor shall provide the Mortgagee such of the Other Securities as may be required by the Mortgagee in form and content satisfactory to the Mortgagee. Default under this Mortgage constitutes default under any of the Other Securities as may have been granted to the Mortgagee, and default under any of the Other Securities granted to the Mortgagee constitutes default hereunder, and the Mortgagee may, upon default under any thereof pursue its remedies separately under each of the Other Securities and this Mortgage, or jointly all together, or join one with any other or others of the Other Securities and this Mortgage, without any of the rights and remedies of the Mortgagee not so pursued merging therewith or with any action or judgment with respect thereto. Default under this Mortgage constitutes default under any other mortgage(s) or encumbrance(s) or Other Securities granted by the Mortgagor in favour of the Mortgagee. Default under any other mortgage(s) or

encumbrance(s) or Other Securities granted by the Mortgagor constitutes default under this Mortgage.

IN WITNESS WHEREOF the Mortgagor has hereunto subscribed its name (and affixed its corporate seal by its duly authorized officers in that behalf) this 28 day of June, 2018

SUNNYHILL HOUSING CO-OPERATIVE LTD.

Per: \_\_\_\_\_

Per: \_\_\_\_\_

(c/s)

The trade name/trademark of First Calgary Financial is owned by Connect First Credit Union Ltd.

**THE LAND TITLES ACT**

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DATED June 28, 2018

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**SUNNYHILL HOUSING CO-OPERATIVE LTD.**

TO

**CONNECT FIRST CREDIT UNION LTD.**

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**MORTGAGE**

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Leon Brener Law  
100, 522 - 11th Avenue S.W.  
CALGARY, Alberta  
T2R 0C8

File No.: LDL 2180147

## SCHEDULE "A"

### CLOSED MORTGAGES

The Mortgagor, when not in default under this Mortgage, shall have the following privileges:

1. The Mortgagor shall have the privilege of prepaying the entire balance outstanding under this Mortgage (the "Full Payout Privilege") upon payment of a bonus equal to the greater of (i) an additional three (3) months' interest on the outstanding principal amount of the Mortgage at the interest rate then payable under the Mortgage, and (ii) an amount in compensation for loss of interest, if any, where the interest rate then payable under this Mortgage is greater than the Mortgagee's current interest rate for reinvestment for the remainder of the term of this Mortgage. The current interest rate for reinvestment is the Mortgagee's stated rate in effect on the date the Full Payout Privilege payment is made for new loans of a similar kind offered for a term not greater than (i) the remainder of the current term of the Mortgage, and (ii) the next shorter term offered, provided that where the remainder of the term of this Mortgage is less than the next shorter term offered, the Mortgagee's stated rate for the next shorter term shall apply. The bonus payable hereunder shall be calculated by the Mortgagee, and, in absence of an obvious error, shall be conclusive.
2. For better certainty, the bonus payable in respect of the Full Payout Privilege shall be calculated on the aggregate principal amount of the Full Payout Privilege payment irrespective as to whether or not the Mortgagor has or has not made or is entitled or not entitled to make an Annual Prepayment in respect of the calendar year in which the Full Payout Privilege payment is made.