

SOLICITOR REQUIREMENTS FOR RESIDENTIAL MORTGAGES

Canadian Western Bank (“CWB”) hereby appoints you to act on CWB’s behalf in attending to the preparation, execution and registration of the charge/mortgage (the “Mortgage”) in accordance with these Solicitor Requirements for Residential Mortgages, our Solicitor Instruction Letter, and any other instructions or directions given to you by CWB during the transaction.

CWB consents to you acting for the mortgagor(s) as well. CWB understands and acknowledges that you are obliged to raise all issues which may be of importance to CWB and the mortgagor, and to explain the legal effect of such issues to all such parties that may be affected by them. CWB also acknowledges that any information received from CWB or the mortgagor in connection with this matter cannot be treated as confidential so far as the other party is concerned and that if a conflict arises between CWB and the mortgagor that cannot be resolved, you will thereafter be unable to act for either party in respect of the matter.

Please direct all inquiries and correspondence to the Canadian Western Bank branch representative designated in the Solicitor Instruction Letter.

For the purposes of this Mortgage, you undertake to follow the solicitor requirements below to the extent that they are applicable depending on the particulars of the mortgage transaction. These requirements are not intended to be exhaustive or to replace your professional obligation to take all steps customarily taken or reasonably necessary in your jurisdiction to protect CWB’s interests as mortgagee.

RESPONSIBILITIES OF SOLICITOR:

1. Title Search and other Due Diligence

You are required to examine title to the property (or properties) designated in the Solicitor Instruction Letter (the “Property”) to ensure that the mortgagor(s) holds or will hold good title to the Property in fee simple (unless the Commitment Letter indicates that the Property is located on leased land), free and clear of any liens, caveats, judgments, mortgages, encumbrances, or other charges or interests (other than permitted encumbrances authorized by CWB in the Commitment Letter or otherwise in writing) and that CWB holds or will hold against the Property a valid charge/mortgage and assignment of rents if applicable, as specified in the Commitment Letter.

If the Mortgage is a mortgage of leasehold land, the mortgagors must have a good and marketable leasehold title. You must review the lease to confirm that the remaining term of the lease exceeds the amortization period of the mortgage by a period of at least 5 years. You must also obtain in writing any necessary consents of the landlord to the mortgage, the landlord’s confirmation that the lease is in good standing, and the landlord’s agreement that it will notify CWB of any default under the lease and allow it the opportunity to cure same.

If the Solicitor Instruction Letter states that the Mortgage is to be a second charge or mortgage, you must inform CWB whether the mortgage ranking prior to CWB’s mortgage permits additional advances or whether it secures a revolving credit prior to requesting the release of funds.

You are required to inform CWB of any discrepancies in the municipal address, legal description, registered owners, title defects, encroachments, encumbrances, easements (other than conventional public utility easements) and any other restrictions which may affect the rights of CWB. You are further required to determine that no executions or judgments affect the Property.

2. Suspicion of Fraud or Other Adverse Material Facts

You must notify CWB and obtain further instructions if prior to the funding of the Mortgage, you become aware of any material fact that may adversely affect CWB’s decision to advance funds or if you become aware of or suspect fraud, including but not limited to any of the following:

- a vendor take-back or other secondary financing is to be registered concurrently with the Mortgage or following funding, unless the Mortgage Commitment expressly indicates that a vendor take-back mortgage or other secondary financing is permitted;
- a recent sale that appears to be a flip of the Property or a pending sale or further transfer of ownership of the Property;
- the Purchase Price of the Property, if applicable, differs from the price indicated in the Solicitor Instruction Letter; or
- Land title records do not match the seller of the Property.

3. Surveyor's Certificate, Real Property Report or Plan of Survey

If title insurance is not purchased by the mortgagor(s), then you must require that the mortgagor(s) obtain: (a) a surveyor's certificate and zoning memorandum for properties located in Manitoba; (b) a real property report for properties located in Alberta or Saskatchewan; or (c) a plan of survey for properties located in British Columbia or Ontario, each to be prepared and certified by a qualified surveyor (the "Survey").

The Survey must include, without limitation, the municipal address of the Property, the legal description, measurements and boundaries, and the exact location of all buildings and improvements on the Property relative to the property lines and confirming that the buildings and improvements are contained entirely within the limits of the Property and there are no encroachments onto or from any adjoining properties. The Survey must show the exact location of any easements or rights of way registered against the Property.

If the Survey discloses that there may be an encroachment or other issue that may affect CWB's security, you must advise CWB prior to the advance of any funds and seek instructions.

CWB may accept a survey that is older than five years provided that such Survey is accompanied by a statutory declaration of the present owner(s) confirming that there have been no changes to the Property since the date of the Survey. If this declaration is not provided, then you must require the mortgagor(s) to obtain a new Survey.

4. Title Insurance

If the terms of the Commitment Letter require the mortgagor(s) to obtain title insurance, then such title insurance shall only be acceptable to CWB if obtained from First Canadian Title, Chicago Title Insurance Company or Stewart Title Guarantee Company. You must provide CWB with the policy number when sending a request for funds. The effective coverage date must be prior to or the same day as the advance of the funds.

You are required to advise CWB of any matter not covered by the title insurance policy prior to disbursement of funds. You must ensure that the mortgagor(s) have paid the premium to the title insurance company.

5. Western Law Societies' Conveyancing Protocol

Canadian Western Bank accepts the use of the Western Law Societies' Conveyancing Protocol (the "Protocol"). It is your responsibility to review the Protocol applicable to your province to determine whether or not it may be applied to this particular mortgage transaction. If the mortgage transaction is one to which the Protocol applies and you choose this option, then Sections 3 and 4 above shall not apply and CWB shall rely on your Solicitors Opinion that:

- a) this Mortgage transaction is a transaction to which the Protocol applies;
- b) you have complied with the Protocol in the conduct of this Mortgage transaction, and have acted in accordance with these solicitor requirements with respect to the Mortgage subject to any qualifications noted in your opinion which have been accepted by CWB;
- c) you maintain minimum insurance coverage at least equal to the face amount of the Mortgage;
- d) you acknowledge and agree that if there is:
 - a. an intervening registered interest in the Property, or an unregistered interest in the Property of which you are aware which takes priority over the Mortgage contrary to these instructions; or
 - b. a survey problem or title defect which would have been disclosed by an appropriate Plan of Survey or Surveyor's Certificate/Real Property Report prepared prior to the disbursement of mortgage funds, then you will be responsible to us for any actual losses (including the cost of repairs) that CWB suffers as a result.

6. Construction Mortgages

If the Mortgage is a construction mortgage (this will be indicated in the Solicitor Instruction Letter), the funds may be advanced as construction progresses. CWB will advise you as to the amount and availability of progress advances, if applicable.

Upon confirmation by CWB that the progress advance is supported by a satisfactory inspection, CWB will issue a draft to you, in trust, for the amount of the progress advance. You are required to hold back from the progress advance the amounts required to comply with applicable builders' lien (or equivalent) legislation for the time periods required by such legislation.

Prior to the disbursement of each progress advance and prior to the release of any holdback amounts, you must complete all searches and investigations necessary to verify that there are no builders' liens, work orders, deficiency notices or non-permitted encumbrances outstanding against the Property. If your searches disclose any builders' liens or encumbrances, you must notify CWB immediately.

Prior to the final advance of the Mortgage, you must obtain a certificate of completion/possession (or the equivalent).

If the Property is a new construction that is or should be covered under a provincial new home warranty plan, the new home warranty plan enrolment numbers for the builder and the housing unit must be obtained.

7. Condominium Requirements

If the Property is a condominium unit or strata lot:

- a) a Status/Estoppel Certificate or other certificate in the form provided for in the applicable condominium or strata legislation is required to be submitted to CWB for review at least two business days prior to advance of funds. Unless the applicable condominium/strata legislation provides otherwise, the Certificate must indicate the following:
 - the amount of monthly or other condominium/strata fees and whether those have been paid to the date of advance;
 - the amount of arrears of any condominium/strata fees (if any);
 - the amount of the condominium/strata reserve/contingency funds;
 - there are no special assessments levied or pending increases in common expenses on the unit;
 - the condominium or strata is not a party to any legal action;
 - there are no pending major repairs, expenses or expenditures to the condominium or strata; and
 - all risks insurance coverage (including fire coverage) is in effect for the condominium/strata;
- b) any parking spaces and storage lockers or facilities intended to be used in conjunction with the subject unit shall form part of CWB's security; and
- c) condominium bylaws and reserve fund study (if available) must be provided to CWB for review prior to the advance of funds.

8. Mortgage and Other Documents

You are required to ensure that the Mortgage and any other documents (if any) have been prepared in the form provided or specified by CWB and have been properly completed. You must ensure that the Mortgage has been registered or filed in the appropriate Land Registry, Land Titles Office or other public registry and constitutes a valid, enforceable and subsisting mortgage and charge against the Property with the priority described in the Commitment Letter and Mortgage Statement of Disclosure. The Mortgage is required to be prepared on the documents provided to you by CWB and the terms thereof must be in accordance with the terms of these solicitor requirements. You are required to prepare any amendments, modifications or other provisions, in the appropriate form that you consider necessary to comply with these solicitor requirements, the Solicitor Instruction Letter and the terms of the Commitment Letter.

You must ensure that the mortgagor(s) and any covenantor(s) sign the cost of borrowing disclosure statement required under the Bank Act at least two clear business days before they become obliged on the mortgage, or consent in writing to receiving the disclosure statement in less than two days before entering the mortgage transaction. Each mortgagor(s) and covenantor(s) must receive a fully executed copy. One original fully executed copy must be returned to CWB with your Solicitor's Final Report.

9. Insurance

You must ensure that, prior to advancing funds, fire insurance and extended perils coverage for not less than the amount of the mortgage or the full replacement value of the Property (whichever is less) is in force, with Canadian Western Bank named as first loss payee (or second loss payee in the event that the Commitment Letter states that the Mortgage is to be a second charge or mortgage), and that the policy includes a standard mortgage clause approved by the Insurance Bureau of Canada.

Properties located on Vancouver Island and B.C. Lower Mainland also require earthquake coverage.

10. Additional Solicitor Responsibilities

- a) If the mortgagor or covenantor is not receiving a direct benefit from the proceeds of the Mortgage, you must consider the need for independent legal advice, and ensure that such advice is received before or when signing the Mortgage.
- b) If there is a Matrimonial Property Act, a Family Law Act, Dower Act, or similar legislation under a different name in the province in which the Property is located, all requirements must be complied with and CWB's interests must be protected from all spousal and other rights.
- c) If the mortgagor or covenantor is a corporation, you must confirm that it is a valid and subsisting corporation, with full power and authority to hold, mortgage and otherwise deal with the property or to guarantee the mortgage and that all necessary corporation action has been taken to authorize the borrowing or the guarantee and the giving of the mortgage or other security.
- d) If the water supply is by well, you will obtain and keep on record a water potability certificate indicating that the water meets governmental standards and is suitable for human consumption. In addition, if the Property is not connected to municipal services, a copy of the septic certificate or equivalent document issued by the appropriate authority permitting use of the existing septic system is required prior to the advance of funds in addition to a satisfactory well driller's certificate confirming that the water flow is adequate. If a septic certificate is not available, title insurance is required.
- e) If the Commitment Letter specifies that additional security is to be granted to CWB, including but not limited to, an assignment of rents or personal property security, you shall ensure that such security is valid, binding and enforceable and has been registered and that all terms and conditions regarding security contained in the Commitment Letter are complied with.
- f) You must obtain personal identification from the mortgagor(s) or any other person whose signature you witness if the person is not personally known to you.
- g) You are required to obtain a Tax Certificate confirming that all realty/local improvement taxes owing to the date of funding have been paid in full. In the alternative, any outstanding payments are to be deducted from the advances and remitted to the appropriate taxing authority and a Tax Certificate provided thereafter.

11. Costs

All costs, including but not limited to, legal costs and disbursements, surveyor costs, and any and all related costs with respect to this Mortgage shall be the sole responsibility of the mortgagor(s), whether or not any mortgage proceeds are advanced.

12. Disbursement of Mortgage Proceeds:

The advance of funds must take place no later than the Advance Date stipulated in the Solicitor Instruction Letter. Any delay beyond this date will require CWB's specific approval. When you are ready to proceed with the disbursement of funds, please prepare a Solicitor's Interim Report and Request for Funds and deliver it, with all required enclosures, to the Branch office specified in the Solicitor Instruction Letter **at least TWO business days before the day funds are required.**

FUNDS WILL NOT BE RELEASED UNTIL CWB IS IN RECEIPT OF ALL OF THE FOLLOWING:

- Your completed Interim Report and Request for Fund and required enclosures;
- Copy of Insurance Policy or Cover Note of insurance showing Canadian Western Bank as First Loss Payee (or Second Loss Payee, as applicable) with confirmation that a copy of the Policy will follow;
- Registered copy of Mortgage (unless the Protocol is used or Title Insurance is obtained);
- Surveyor's Certificate/Real Property report with compliance certificate (unless the Protocol is used or Title Insurance is obtained);
- Executed Direction to Pay/Disbursement Order Signed by mortgagor(s);
- Clear Tax Certificate or confirmation that outstanding taxes will be paid from the mortgage advance and a clear Tax Certificate provided thereafter;
- Properly completed and fully executed original copies of all mortgage documents and other documents enclosed with the Solicitor Instruction Letter; and
- Any other document specified in the Special Instructions of the Solicitor Instruction Letter that is required to be provided to CWB prior to funding.

Interest will accrue on the mortgage funds advanced from the date of the advance.

13. FINAL REPORT ON TITLE:

You are required to submit your Solicitor's Final Report on Title to CWB **within 45 days** after the Mortgage has been fully disbursed, accompanied by any outstanding documentation, including a certified copy of title (or, for properties located in Saskatchewan, a computer-generated, printed copy of title). If you are unable to provide your Solicitor's Final Report on Title, you are required to advise CWB regarding the reasons for such delay and the probable date when the same will be forthcoming.