

This General Mortgage Guide applies to Lawyers and Notaries (referred to in this Mortgage Guide as “You”).

1.00 PARTIES

In preparing mortgage documents you must ensure that each person shown, or to be shown, as a registered owner on the title to the property to be mortgaged (whether as tenant-in common, joint tenant or otherwise) is shown on the mortgage as a mortgagor and is liable on the covenant to pay. Your accounts and the authority for advances are to be signed by all borrowers and covenantors. The status of the parties to a mortgage may change between mortgagor and covenantor so long as all parties as instructed are included on the mortgage in the capacity of a mortgagor or covenantor. No party may be added to or deleted from a mortgage without the approval of Coast Capital Savings Credit Union (“Coast Capital Savings”). Coast Capital Savings is not responsible for any arrangements between the borrowers and the covenantors.

2.00 DESCRIPTION OF PROPERTY

You are responsible for the correlation of the civic address and the legal description of the mortgaged property. Coast Capital Savings must approve any variation in the legal description shown on the mortgage instructions and the mortgage except for abbreviations or clarification made by the Land Title Office.

3.00 PRIOR CHARGES

On residential properties Coast Capital Savings will permit charges in priority to its mortgage in the nature of reservations of mines and minerals, restrictive covenants, easements and rights-of-way so long as you are satisfied that such charges do not interfere with the existing or normal use of the mortgage property and do not invalidate or impair Coast Capital Savings’ security. Easements and rights-of-way must be restricted to those portions of the land not covered, or intended to be covered, with buildings.

You may ignore covenants against construction without the approval of the developer in the case of established developments and subdivisions. Where the mortgage instructions show Coast Capital Savings’ mortgage to be anything other than a first charge, you are responsible for reviewing the prior charge for the repayment terms and any acceleration or balloon clauses, verifying the payment of current amounts due and the balance outstanding and obtaining any waiver or consent which may be required by the prior charge holder.

You are also responsible for inquiring whether a permitted prior charge secures a “current or running account” and, if so, notifying the prior charge holder in writing of the registration of the Coast Capital Savings’ mortgage, in accordance with Section 28(2) of the Property Law Act, before the first advance is made by Coast Capital Savings. The mortgage proceeds may be advanced only after the mortgage has been registered and the notice has been received by the prior charge holder.

All prior charges, other than those mentioned above, must be discharged unless you obtain specific instructions of Coast Capital Savings to the contrary. Where a prior charge holder is willing to yield priority to Coast Capital Savings, a priority agreement granting Coast Capital Savings priority must be obtained and registered.

4.00 RENEWAL OF MORTGAGES

Coast Capital Savings usually offers a variety of repayment terms to its borrowers, providing for repayment over a maximum amortization period of 40 years, but with the provision that Coast Capital Savings may require repayment in full of the mortgage at the end of a given term. Coast Capital Savings reserves the full and unconditional right to require repayment in full under such provision and no assurance may be given to the borrowers that a mortgage will be renewed at the expiry of the term.

Subject to the foregoing, it is the present policy of Coast Capital Savings, where repayments have been satisfactory and there has been no change in the security, to renew a mortgage at the expiry of its initial term. If Coast Capital Savings intends to renew the mortgage, it will provide the borrowers directly with a “Mortgage Renewal Notice” in writing that invites the borrowers to contact one of our branches, or our Contact Centre, to discuss the terms upon which a renewal will be granted. If before the pending renewal date of the mortgage, the borrower does not contact Coast Capital Savings regarding the Mortgage Renewal Notice, or no renewal terms have been agreed upon, Coast Capital Savings will renew the mortgage as a one-year term open mortgage.

5.00 CERTIFICATES OF INDEPENDENT LEGAL ADVICE

Coast Capital Savings relies upon you to obtain a certificate of independent legal advice or a waiver thereof wherever the circumstances indicate that a prudent lender or lender’s lawyer would do so. Unless Coast Capital Savings directs otherwise, a certificate of independent legal advice will be required for every covenantor to a mortgage with respect to his or her obligations as covenantor.

6.00 ADVANCES

Funds required to clear or acquire title will be advanced by Coast Capital Savings to you, and you shall be responsible for identifying the amount and the payee, obtaining the necessary authority for the advance (direction as to payment) addressed to Coast Capital Savings and to you, and receiving and disbursing the funds. You must provide Coast Capital Savings with 24 hours notice prior to Coast Capital Savings advancing funds. If the mortgage instructions so require, you will obtain an authority for payment of a specific amount of the balance of the advances into a specified account of the borrower. At the time you request an advance, you are responsible for verifying with Coast Capital Savings the final amount of funds available, net of any adjustment for interest, fees, any payouts to Coast Capital Savings and any other applicable charges, as of the day of advance.

7.00 TAXES

Coast Capital Savings requires that all taxes and charges that have been billed with respect to the property being mortgaged, including water, sewer, other utility charges, and, if applicable, all strata fees, special levies and other amounts payable to a strata corporation, be paid up-to-date. Any such taxes, charges or fees unpaid shall be reported to Coast Capital Savings.

8.00 PROPERTY INSURANCE

Subject to the special provisions relating to progressive mortgages and before any funds are advanced, you must obtain evidence of (i) insurance coverage on the mortgage property by way of a “broad form” or “comprehensive form” homeowner’s, condominium or tenant’s package, as applicable, at full replacement cost for the maximum amount for which the buildings or improvements on the mortgaged property can be insured, and (ii) general liability insurance for the mortgaged property, subject to a limit per occurrence of not less than \$1,000,000. Earthquake coverage on the mortgaged property is required unless specifically waived by Coast Capital Savings. Each insurance policy must correctly show the names of the insured, the insurance company, the civic address and the legal description of the insured property, and must provide for loss payable to Coast Capital Savings at the address of the Head Office, according to the priority of Coast Capital Savings’ interests in the property, and with a standard mortgage clause attached. Evidence of insurance company must be licensed to carry on insurance business in British Columbia. The insurance coverage shall be in the form of an issued policy or a binder accompanied by evidence of payment of the premium, and must be maintained throughout the term of the mortgage.

A policy or binder which requires corrective endorsement may be acceptable, provided that the amount of insurance is sufficient and both the insured and the insured property are identifiable. You must send a letter to the issuing agent to request the necessary endorsements, which endorsements should be forwarded directly to Coast Capital Savings and should contain references to the name and membership number of the borrower. You are to send copies of that letter to Coast Capital Savings and the borrower.

9.00 PRIORITY OF SUBSEQUENT ADVANCES

The Form B for every Coast Capital Savings’ mortgage will indicate that the mortgage secures a “current or running account”. The result is that, under the provisions of the *Property Law Act* (British Columbia), any advances under such mortgage will have priority over a subsequently registered mortgage unless and until Coast Capital Savings receives a notice in writing of the registration of the subsequent mortgage from the subsequent mortgagee.

10.00 PROGRESSIVE MORTGAGES

Coast Capital Savings may approve a mortgage loan to be partially advanced to acquire or clear title to a property and then in further (usually four) instalments as construction on the property progresses. Advances may only be made when adequate insurance coverage (including third party liability insurance coverage) is in place. Coast Capital Savings will process subsequent advances, or instruct you to process subsequent advances, which may include conducting the necessary searches and confirming the insurance coverage.

11.00 BUILDERS LIEN HOLDBACK AND PROPERTY TRANSFER TAX

Coast Capital Savings will rely on you to confirm compliance with the holdback provisions of the Builders Lien Act (British Columbia) and with the relevant provisions of the Property Transfer Tax Act (British Columbia).

12.00 DISCLOSURE STATEMENT AND WAIVER

Pursuant to the Business Practices and Consumer Protection Act, if a borrower is an individual and the loan is for primarily personal, family or household purposes, the borrower must be given a disclosure statement. Coast Capital Savings will forward the disclosure statement to you and you will deliver it to the borrower before the borrower signs the loan agreement or makes any payment in connection with the loan. If the borrower consists of more than one individual, then at least one but not necessary all of them must sign the disclosure statement acknowledging receipt thereof.

If the borrower is an individual and the loan is for business purposes, then the borrower must sign a statement to that effect and a disclosure statement will not be provided.

For a mortgage loan, the borrower is entitled to receiving a disclosure statement at least two business days before the borrower enters into the mortgage loan. You should ask the borrower to sign a waiver (available on Coast Capital Savings proprietary website) dispensing with the time period. If the borrower refuses to waive the time period, you must provide the borrower with the disclosure statement and arrange for the borrower to return at least two business days later for the execution of the rest of the documents relating to the mortgage loan.

13.00 SOLICITOR'S REPORT ON TITLE

Within 10 business days after the date of the first advance of funds, you will deliver to Coast Capital Savings your report on title in the standard form (the State of Title Certificate may follow where not yet available), together with:

- 13.01.01 The original signed and stamped Form B showing due execution and the date of registration at the Land Title Office
- 13.01.02 the signed authority for advances if appropriate and not already delivered;
- 13.01.03 the property insurance policy or binder and (if appropriate) the letter for corrective endorsements;
- 13.01.04 your account, as approved by the borrower;
- 13.01.05 (i) the original signed waiver of time period and (ii) the original signed disclosure statement acknowledging receipt thereof, each as required under the Business Practices and Consumer Protection Act; and
- 13.01.06 any other security documents required.
- 13.01.07 your report on title shall be deemed to constitute a certificate from you that:
- 13.01.08 the copy of the mortgage is a true copy of the document executed and registered;
- 13.01.09 your account and the authority for advances have been duly executed by the borrower;
- 13.01.10 the mortgage has been accepted for registration at the Land Title Office as a first (or subsequent, as instructed) charge on the mortgaged property, for the full amount of the money advanced, or subject to such charges as are specified in your report on title, and that any other prior charges are within the categories acceptable to Coast Capital Savings under Section 3.00;
- 13.01.11 if your report on title shows Coast Capital Savings' mortgage to be subject to a specified prior charge, the discharge of which you are responsible for, you made adequate arrangements to obtain a registrable discharge of that prior charge within a reasonable time;
- 13.01.12 the mortgage is a valid and enforceable security; and
- 13.01.13 you have acted in respect of the mortgage in full accordance with the terms of your engagement, this General Mortgage Guide and the mortgage instructions issued in connection with the mortgage.

14.00 APPRAISAL

Coast Capital Savings usually obtains an appraisal of the property to be mortgaged at the expense of the intended borrower and collects the appraisal fee directly.

15.00 SURVEYOR'S CERTIFICATE

Unless specifically instructed otherwise, coast capital savings does not require a plan or certificate confirming that all buildings on the mortgaged property are within the lot boundaries, or that municipal setback requirements have been met. You should report to coast capital savings if there is any reason that such matters should be investigated

16.00 STATE OF TITLE CERTIFICATE

You are responsible for requisitioning a state of title certificate after the registration of all required documents, forwarding it to coast capital savings upon receipt and ensuring that the certificate is so requisitioned and forwarded within 60 days of the date of the first advance of the funds.

17.00 DISCHARGE OF EXISTING COAST CAPITAL SAVINGS MORTGAGES

Coast Capital Savings will deal with its borrowers (or their lawyers) directly on the discharge of any existing Coast Capital Savings' mortgages and will provide, at Coast Capital Savings' option, a registered discharge or a discharge in registrable form upon receipt of its then current fee.

18.00 STRATA TITLE UNITS

Coast Capital Savings' standard mortgage terms include specific provisions relating to strata lots. Coast Capital Savings does not require a copy of the by-laws of the strata corporation, nor notice of its intention to exercise its vote be given on the granting of a mortgage. In respect of property insurance, Coast Capital Savings requires an endorsement to the master policy showing it as the first loss payee in respect of the particular strata lot to be mortgaged. For duplex strata lots Coast Capital Savings has as a matter of policy accepted a conventional property insurance policy provided both strata lots comprising the strata corporation have been insured with the same insurer upon the same terms.

19.00 FLEXIBLE MORTGAGE TERMS

Where Coast Capital Savings instructs that a mortgage is to be prepared using Coast Capital Savings' "Flexible" standard mortgage terms, the instructions will provide for interest at a rate of Coast Capital Savings' prime rate plus 5% per annum and will state a principal amount which is higher than the actual principal amount of the particular loan that is being secured. This reflects the fact that mortgages drawn using the "Flexible" terms are intended to be used to secure not just a particular mortgage loan but also other existing or future obligations of the borrower to Coast Capital Savings. The interest rate and principal amount to be used are intended to provide the flexibility to do so. The actual principal amount, interest rate and terms of repayment of a loan will be set out in a separate, unregistered Request for Advance or other agreement signed by the borrower with respect to the specific mortgage loan.