Lakeland CREDIT UNION

SOLICITOR'S GUIDE
Residential / Consumer Mortgage
(October 23, 2026)

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Introduction
You have been retained to act on behalf of Lakeland Credit Union Ltd. (the "Credit Union", "we", "our" or "us") in this mortgage transaction. You are to act in accordance with this Solicitor's Guide and any other instructions applicable to this transaction, and to take all steps that would be taken by a careful and prudent solicitor in a transaction of this nature.

You must review the agreement for purchase and sale (if applicable), our credit agreement (the "Agreement"), and our instructing letter. In the event that there are inconsistencies with the agreement for purchase and sale and our Agreement or instructions to you, you must advise us without delay.

Please respond immediately if you are not prepared to comply with these requirements, and a new lawyer will be appointed.

Assumptions: Refer to the ***Assumptions Solicitor's Guide***.

Interim Financing: Refer to the ***Interim Financing Solicitor's Guide***.

Legal Costs
All legal fees and disbursements with respect to this loan, unless otherwise specified, will be borne by the borrower(s).

Questions / Support
All communication with the Credit Union must be in writing, via FCT's Lender-Lawyer-Connect (LLC) portal.

NOTE: We will not provide directions or guidance on the perfection of security. You assume the sole responsibility for the accuracy, completeness, and enforceability of all loan and security documents. Please adhere to the requirements set out in this guide, in addition to all other practices and requirements that you consider to be necessary or desirable to ensure proper registration and priority of all Security required by the Agreement.

Standard / Custom Forms
Where a standard form is provided for certain security, you are required to use our standard form. Modification to our standard form documents is not permitted without our prior written approval. Please contact the Credit Union for all requests to modify standard forms.

For required security documentation where we have not included a standard form in the External Solicitor Documents section of our website, we do not require draft documentation to be provided for the Credit Union's approval. We rely on your expertise to ensure the Credit Union's security documentation is good, valid, and enforceable.

We will not review nor approve any draft or final documents sent to us; you are responsible to ensure that the documents are correct and have been prepared in accordance with our instructions. In the event of an error which causes a loss to the Credit Union, we will seek to recover such loss from you. You must advise us of any material fact known to you which could be reasonably expected to affect our decision to advance the loan. You must also be alert for "red flags" which may indicate fraudulent activity relating to the loan or the subject property. No act or omission by us or any agent of ours reduces your responsibility for matters within the scope of your retainer.

Form of Mortgage / Priority
Unless otherwise documented in our Agreement, a **Collateral Mortgage** representing a valid and enforceable **first charge** over the property(s) in favor of the Credit Union is to be utilized.

Unusual Circumstances

You must advise us prior to closing of any unusual circumstances relating to the property. Unusual circumstances include, but are not limited to:

- You become aware of issues which may affect our security, or which are contrary to our instructions;
- There has been a significant escalation in the value of the property over a short period of time which is evident by reviewing the title and the purchase contract;
- Recently discharged mortgage(s) or title transfer(s), within the last 6 months;
- The vendor named in the purchase agreement is not the registered owner of the property at the time the purchase agreement was signed by the mortgage;
- Proposed payouts to parties other than the usual payees including a disbursement to a mortgage broker or someone arranging financing or credits by the to the mortgagor;
- A party to the transaction is identified by you as merely lending his/her name to the transaction (e.g. straw buyer), and/or there appears to be a third party who is directing the Borrower(s) with the transaction;
- If the transfer value to be registered on title is not equal to the purchase price noted on the purchase agreement, including any amendments, signed by the Borrower(s) or the purchase price indicated in our instructing letter;
- If the transfer value to be registered on title is not equal to the purchase price noted on the purchase agreement, including any amendments, signed by the mortgagor or the purchase price indicated in the Commitment;
- You become aware that there have been material amendments to the purchase contract which the Credit Union is unaware of;
- The transaction will not close in accordance with the purchase contract;
- The purchase price is not net of any GST rebate or other rebate or cash/cash equivalent, effectively reducing the purchase price;
- There is cash back, price reductions, credits or holdbacks which would effectively reduce the purchase price;
- The purchase agreement has been amended to provide for significant repairs to be made by the Purchaser;
- You become aware that the mortgagor has outstanding arrears owed to Canada Revenue Agency (CRA);
- The property is located in a provincial or national park;
- The property is a leasehold;
- The property is or will be located on First Nations or Metis settlement lands;
- Where the transaction is a refinancing, you become aware that the existing mortgage is in default;
- Title insurance was declined for any reason by the insurer, or;
- The property is a mobile home and you become aware that it is or will be located outside of Alberta.

Power of Attorney:

The borrower(s) must not sign any of the documents, including the mortgage documents, by way of Power of Attorney.

Multiple Representation:

We consent to your acting on our behalf, as well as acting on behalf of the borrower(s) and other parties involved in the transaction, such as a vendor, provided that your professional code of conduct would permit the same. You are not permitted to advise or counsel the borrower(s) to renegotiate any terms of the underlying loans or security, or to investigate the availability of alternative sources of financing. You shall obtain written consent to this arrangement from the borrower(s). You must advise us if an actual conflict of interest arises, or in the event that unusual circumstances create a potential conflict of interest.

Identification of Borrowers:

We will identify the borrower(s) in our Agreement. All borrowers must hold title to the subject property, and no other owners must be registered on title. You shall take reasonable steps to ensure that all the parties who have executed same are who they purport to be, including without limitation complying with the client identification and verification requirements of the Law Society of Alberta or your applicable regulator.

If the funds to be advanced pursuant to the mortgage are to be used to purchase residential property as defined under the Prohibition on the Purchase of Residential Property by Non-Canadians Act, S.C. 2022, c. 10, s. 235, it is your responsibility to verify through the review of appropriate identification and other relevant

documentation that the purchaser(s) is/are (a) not a non-Canadian as defined in that Act for purposes of section 4(1) of that Act, or (b) is/are otherwise exempt from the application of sub-section 4(1) as a result of sub-sections 4(2) to 4(5) of that Act. We will require you to obtain on closing a statutory declaration from the purchaser(s) confirming their eligibility to purchase the property under the legislation.

Title Searches / Title Insurance / Search Requirements

We require your opinion that the borrowers have or will have good and marketable title to the subject property and are or will be the registered owners of the subject property, and of the priority of our security. You shall conduct all title and off-title searches as are necessary and generally conducted in order to give the above-noted opinion.

We require your opinion that the mortgage is or will be registered in the Land Titles Office against title to the subject property with the priority as set out in our instructing letter, subject only to encumbrances, liens, and interests:

- implied by law;
- non-financial obligations now on title such as easements, utility rights-of-way, covenants and conditions that are normally found registered against property of this nature;
- homeowner association caveats, encumbrances, and similar registrations; and
- other encumbrances that LCU has specifically agreed to take a subordinate position to.

Additionally, prior to submitting your Request for Funds, we require you to search the borrower(s) by name in the Alberta Personal Property Registry. You must advise us immediately if the search results indicate that any of the borrower(s) have any outstanding writs of execution, garage keeper's liens, notices of seizure, registrations in respect of outstanding support obligations or other results which would indicate that they are or have been in default of their legal and financial obligations in Alberta.

"Gap Coverage"

Funds may be advanced prior to the registration of our mortgage, in reliance on the Title Insurance policy.

Western Law Societies Conveyancing Protocol

The use of the Western Law Societies' Conveyancing Protocol is not permitted.

Insurance

You must obtain evidence of fire insurance in the name(s) of the Borrower(s).

Homeowner insurance: You are required to verify that there is in existence fire/hazard insurance with broad form/comprehensive coverage for at least the amount of the mortgage, or the full replacement cost of the building, whichever is lesser. All polices must show first loss payable to Lakeland Credit Union Ltd. as described in these instructions and include the standard mortgage clause approved by the Insurance Bureau of Canada.

Condominium/Strata Corporation insurance: Ensure there is a Broad Form or Comprehensive Form Condominium/Strata Corporation Master Insurance Policy providing for the full replacement cost of the Condominium/Strata Corporation buildings, structures and all common elements.

Condominium/Strata Unit insurance: Ensure there is a broad form or comprehensive form condominium unit owner package policy covering the full replacement cost of improvements and betterments made to the unit by the owner of the unit. If the unit will be used for rental purposes, a basic form condominium unit owner policy covering the full replacement cost of improvements and betterments to the unit by the owner of the unit is acceptable.

New Construction: Obtain evidence of insurance which indemnifies the Mortgagor against damage to the property while under construction. The insurance can be in the form of a Builder's Risk insurance policy (purchased by the builder) or a Course of Construction insurance policy (applicable for self builds and purchased by your client). The amount of insurance should cover the full appraised completion value of the project.

Property Taxes

All realty taxes are to be paid in full to the date of the advance. We require that all property taxes and local improvements levies past due and current and all past due and current interest and installment charges owing to any municipal authority against the Property, be paid at the time that your office releases any loan proceeds. After closing, property taxes will be the responsibility of the Borrower.

For refinance transactions, where you verify the Borrower's enrollment in a Tax Installment Payment Plan ("TIPP") program directly with the municipality and confirm that the payments on the TIPP are current and there are no arrears, you are not required to pay out the current year's property taxes in full.

Independent Legal Advice

You must ensure that any person involved in this transaction who requires independent legal advice ("ILA"), receives ILA, whether or not we have specifically instructed you to obtain ILA. We will hold you responsible for any claim relating to lack of ILA.

Dower / Homestead

You must ensure that all requirements of any dower/homestead legislation are met.

Condominium

If the mortgage is of a condominium unit, it is your responsibility:

- To check the condominium plans to verify the location of the unit and any titled parking space or other area which the owner (you do not need to obtain a survey of the unit); and
- To obtain, prior to closing, a satisfactory estoppel certificate, or the equivalent.

Secondary Financing

This loan been approved on the basis that no secondary financing other than the amount stated in the Mortgage Loan Agreement is being registered. If you are made aware of subsequent financing that is not known to us, the funds are to be held until release is approved by us.

New Construction

Our instructing letter will contain information on whether this mortgage is a construction or builder's mortgage and whether there will be progress advances. If the mortgage is a construction or builder's mortgage with progress advances or the instructing letter indicates a lien holdback is required conduct, at the time of each advance, all searches that you consider necessary or appropriate to give the us an opinion that the mortgage constitutes, or continues to constitute, a first mortgage against the mortgaged lands to the extent of monies advanced.

For purchase transactions of a newly constructed home, obtain a new home warranty certificate that complies with provincial legislation evidencing completion.

For the first advance, advise your client(s) to contact you regarding the date funds are required. You must then submit your Request for Funds.

Before the first advance can be made, we must receive a satisfactory progress inspection report from a qualified inspector/appraiser, and you must submit a Request for Funds.

Please ask your client(s) to contact us to arrange for the inspection/appraisal.

If the first advance is for the purpose of purchasing the mortgaged lot or for an equity take-out against the mortgaged lot, a progress inspection report is not required. The Mortgage Loan Agreement will indicate if the first advance is for one of these purposes.

For subsequent advances advise your client(s) to contact us to arrange for each progress inspection. We will not make subsequent advances until we receive a satisfactory progress inspection report for each advance. Note that the number of advances is limited to five. We will advise the client regarding the number of advances their mortgage will qualify for. Submit your final Report on Title and Security after the final advance.

Holdbacks are not required if the Mortgage Loan Agreement indicate that the advance is for:

- the purchase of the mortgaged lot;
- an equity take-out against the mortgaged lot;
- payout of an existing mortgage on the mortgaged lot;
- purchase of the mortgaged property when a major renovation to an existing home on the property is included in the mortgage financing;
- delivery of a factory built (prefabricated, manufactured, panelized, mobile or modular home) being affixed to the foundation.

Except as previously noted, the construction lien holdback must be retained by your firm in accordance with the applicable provincial legislation. If permitted by law, the holdback amount or a portion thereof may be released at the expiry of the relevant lien period and upon you completing a search of title to confirm no liens have been registered. The determination of whether or not all or part of the holdback amount may be released is a question of fact and law which we leave to your discretion. All searches of title are to be completed at the cost of the borrower.

If the mortgage funds will be used to fund major renovations, the Mortgage Loan Agreement will indicate the amount advanced for the renovations. You are to ensure the holdback is maintained in respect of that amount.

If the builder is a member of a new home warranty program, obtain the unit enrolment number and once construction is completed, a certificate of possession signed by the builder and the borrower(s). The certificate must either disclose no deficiencies, or only those deficiencies, which would not materially adversely affect the marketability of the subject property. You must be in possession of these certificates prior to requesting the final advance.

In addition to the other requirements, we also require confirmation that the subject property has been authorized for occupancy by the municipality.

Factory Constructed Homes - (including mobile, mini, modular, manufactured, ready to move homes and prefabricated or panelized homes)

Where the subject property is or includes a factory constructed home, you are required to:

- Complete a search of the factory-constructed home at the Alberta Personal Property Registry by serial number and ensure that there are no prior interests in the factory constructed home; and
- Attend to the preparation and execution and of a specific security agreement in accordance with our instructing letter;
- Register a notice of security interest pursuant to the applicable personal property security legislation prior to the advance. The notice of security interest registration must be registered for the amortization period of the loan, plus one year.

If the proceeds of the loan are to be used to finance or refinance the purchase of a factory constructed home that is or will be permanently affixed to freehold lands owned by the borrower(s), you must prepare and register a mortgage against the real property as well as the registration under the personal property legislation as applicable for your province. The registration period must be equal to or greater than the amortization period of the mortgage for all provinces. A notice of the security interest is not to be registered against title to the mortgaged property. For freehold mortgages, the mortgagor(s) must acknowledge that the factory constructed home to be purchased with the funds advanced will be affixed to the lands described in the mortgage, as it is the intention of the Mortgagor that the factory constructed home will be a permanent fixture on the mortgaged property. This document is to be retained by you.

If the factory constructed home will be located on property leased under a short term “site” lease, you must:

- Confirm that the site rental payments are up to date;
- Confirm that the site lease is in the name of the borrower(s);
- Prepare and attend to the execution of an Assignment of Lease and Landlord Consent in the Credit Union forms.

In addition, see the special conditions sections in the Specific Instructions. Where our specific instructions indicate that funds are to be advanced by way of progress/multiple advances, you must ensure prior to each advance that there are no prior interests in the home or on the mortgaged lands. The final advance cannot be released until you are advised by the Credit Union to do so. We will not permit release of the final advance until its appraiser has confirmed that the home has been affixed to the foundation.

Rental Properties

If our instructing letter provides for same, you must prepare and attend to the execution of an Assignment of Rents in our form and a caveat in respect of same. You are authorized to sign the caveat re: Assignment of Rents as our agent. The caveat re: Assignment of Rents should be registered on title to the subject property immediately after our mortgage, without intervening registrations.

Out of Province Mortgages

For mortgaged properties located outside of the provinces of Alberta and Saskatchewan, the mortgage is to be registered in the name of "Concentra Trust". To obtain Standard Charge Terms for the respective province of registration, please contact the Credit Union.

Request for Funds / Interim Reporting

In order to ensure timely funding of the loan, you will provide us with the following documents **no less than 3 business days prior to closing:**

- A request for funds which indicates the amount of funds requested and the requested date of advance;
- Confirmation of fire insurance coverage required pursuant to this Solicitor's Guide;
- Confirmation of registration of a notice of security interest pursuant to the applicable personal property security legislation (if applicable);
- Any other documents as stipulated in the above noted conditions or which are reasonably required by the Credit Union to ascertain compliance with this Solicitor's Guide (if applicable).

If you are unable to meet all instructions contained in this document, your Request for Funds / Interim Report should clearly identify the reasons and recommend a course of action.

Please obtain and retain on your file a direction to pay from the borrower(s) confirming their direction to pay the loan proceeds to your firm, and an acknowledgment of receipt by the borrower(s) of a copy of the standard mortgage terms, if applicable.

Your Request for Funds / Interim Report must be sent via FCT's Lender-Lawyer-Connect (LLC) portal.

Loan proceeds accrue interest from the date of advance. If you are unable to disburse loan proceeds within two (2) business days from the date of advance, you must contact the Credit Union for further instructions. We have the discretion to require you to return the loan proceeds if not disbursed within two (2) business days from the date of advance.

Final Reporting

You shall forward your final reporting package to the Credit Union within 30 days of registration of the mortgage, where applicable, or within 30 days of disbursement of the loan.

Your final reporting shall include confirmation of any matters required by this Solicitor's Guide which was not provided in your Request for Funds / Interim Report, including confirmation of registration of our security in the required priority position. Where we do not hold the required priority position yet but your firm has paid out the prior encumbrance or you have obtained a solicitor's undertaking to pay out and discharge the prior encumbrance, you shall indicate that in your reporting and provide an updated title in due course.

Your final reporting must be sent via FCT's Lender-Lawyer Connect (LLC) portal.