

HYPOTHECARY LOAN AGREEMENT

IN THE YEAR TWO THOUSAND ●

On this ●(●th) day of ●

BEFORE Mtre ●, Notary, practicing at ● in the Province of Québec.

APPEARED:

AGF TRUST COMPANY, a trust company incorporated by Letters Patent dated the fifth (5th) day of August, nineteen hundred and eighty-five, (1985) pursuant to the *Trust Companies Act* (said Act having been replaced by the *Trust and Loan Companies Act*), under the name Chancellor Trust Company, and having changed its corporate name to AGF Trust Company under Supplementary Letters Patent dated the thirtieth (30th) day of September, nineteen hundred and eighty-eight (1988), having its head office at 66 Wellington Street West, in the City of Toronto, Province of Ontario, M5K 1E9, herein acting and represented by ● and by ● its signing officers, duly authorized for all purposes hereof as they so declare;

Having a **Notice of Address** registered in the land register of the Land Registry Office under the number ● and a **Notice of Address** in the list of addresses included in the Register of Personal and Movable Real Rights under the number ●

which shall be registered in respect of any hypothecary rights contained in this Hypothecary Loan Agreement;

(hereinafter called the “**Lender**”);

AND

● a corporation duly incorporated, having its head office and principal place of business at ● in the City of ● Province of Québec, ● hereinacting and represented by ● its President, hereunto duly authorized in virtue of a resolution of its Board of Directors dated ● a certified extract whereof remains hereto annexed after having been acknowledged as true and signed for identification by said representative in the presence of the undersigned notary;

OR

● [profession] residing and domiciled at ● in the City of ● Province of Québec, ●

(hereinafter called the “**Borrower**”).

THE PARTIES, AGREE AND DECLARE THE FOLLOWING:

1. **THE HYPOTHECARY LOAN**

1.1 Amount of Loan

The Lender shall lend to the Borrower, who accepts, a principal amount of • Canadian DOLLARS (\$) (hereinafter called the “**Loan**”).

1.2 Interest Rate

1.2.1 Fixed Interest Rate (Applicable only to Fixed Rate Loans)

The principal shall bear interest at the rate of • % per year (the “**Loan Interest Rate**”). Interest is payable at the frequency provided for in section 1.6.1 and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period commencing on that date. That calculation will be made six months after the Interest Adjustment Date, as defined in Section 1.5.4 and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date in the Hypothecary Loan Commitment between the Borrower and the Lender dated as of • (the “**Hypothecary Loan Commitment**”), default and judgment, until the Loan amount has been paid in full. When not in default, the Borrower shall have the privilege of changing his payment frequency to any one of the frequencies currently offered for the type of hypothecary loan granted by the Lender. Should the Borrower exercise this privilege, there may be an interest adjustment amount payable.

1.2.2 Convertible Loan

For the first year of the term, the principal shall bear interest at the rate of • % per year (the “**Loan Interest Rate**”). Interest is payable at the frequency provided for in section 1.6.1 and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period commencing on that date. That calculation will be made six months after the Interest Adjustment Date, as defined in Section 1.5.4 and semi-annual calculations of interest will be made every six months after that. Interest is

<p>To the Notary: Choose between 1.2.1, 1.2.2 or 1.2.3 as per the Hypothecary Loan Commitment</p>
--

payable on the loan amount at this rate both before and after the balance due date in the Hypothecary Loan Commitment between the Borrower and the Lender dated as of ● (the “**Hypothecary Loan Commitment**”), default and judgment, until the Loan amount has been paid in full. When not in default, the Borrower shall have the privilege of changing his payment frequency to any one of the frequencies currently offered for the type of hypothecary loan granted by the Lender. Should the Borrower exercise this privilege, there may be an interest adjustment amount payable.

For each subsequent year of the term on anniversary date of the Interest Adjustment Date, as hereafter defined, the Loan Interest Rate shall be recalculated as the sum of the Lender’s then-posted Mortgage interest rate for loans having a term of one year plus _____% per annum, and the amount of the Instalment, as hereafter defined, shall be accordingly adjusted. Notwithstanding the foregoing, the Borrower may, with the consent of the guarantors, if any, elect on any payment date to convert the Loan into a loan having a fixed rate of interest for a period not less than the remainder of the current term. The fixed interest rate shall be the then current fixed interest rate posted by the Lender for loans having similar terms as the period chosen by the Borrower. In such circumstances, the Borrower will be required to execute a loan renewal agreement, and renewal fees may be charged. Until such loan renewal agreement is signed by the Parties, and any renewal fees paid, the Borrower will continue to pay interest on the Loan at the current Loan Interest Rate, and repay the Loan in accordance with the present agreement.

1.2.3 Variable Interest Rate (Applicable only to Variable Interest Rate Loans)

(a) **Interest Rate**

The Borrower shall pay interest on the principal amount of the Loan at an annual rate equal to the then applicable AGF Prime Rate (as defined below) plus ●% (hereinafter the “**Loan Interest Rate**”) as provided for in the Hypothecary Loan Commitment between the Borrower and the Lender, dated ● (the “**Hypothecary Loan Commitment**”). Interest is payable monthly, calculated semi-annually not in

To the Notary : Insert the percentage provided for in the Hypothecary Loan Commitment

advance and is payable on the principal amount both before and after the balance due date, default and judgment, until the loan amount has been paid in full.

The Loan Interest Rate changes automatically with changes in the AGF Prime Rate without the necessity of any notice to the Borrower. The principal and interest payment will be recalculated every time the Loan Interest Rate changes based on such changed Loan Interest Rate and the then remaining amortization period on the Loan.

(b) How the Borrower May Determine the Loan Interest Rate.

“**AGF Prime Rate**” means the annual rate of interest announced by the Lender from time to time as being a reference rate then in effect for determining interest rates on loans made in Canadian currency. The AGF Prime Rate in effect at any time is available on the Lender’s website at www.agf.com.

1.2.4 Deferred Interest

The amount of interest that has accumulated on the principal amount of the Loan from one regular payment date to the next which exceeds the regular loan payment is called “**Deferred Interest**”. Interest at the current Loan Interest Rate will be charged on the Deferred Interest from and including such regular payment date. On the next regular payment date, all interest which has accumulated on Deferred Interest from the previous Regular Payment Date shall be added to and become Deferred Interest and will itself bear interest from and including the Regular Payment Date at the current Loan Interest Rate. The Borrower may pay Deferred Interest by separate payment as his regular payment will not be applied to such interest. The amount of Deferred Interest outstanding from time to time may be obtained by contacting the Lender.

1.2.5 Compound Interest

If the Borrower does not make the Regular Loan Payment, as hereafter defined, or any other payment when required by this Agreement, the Lender will charge interest thereon at the Loan Interest Rate (such additional interest hereafter referred to as

"**Compound Interest**") both before and after the balance due date set out in the registered document, default and judgment on all overdue amounts (including interest). The Borrower must pay the Compound Interest immediately when the Lender requires, both before and after the balance due date, default and judgment.

1.3 Interest on Payments to Third Parties

Unless otherwise stipulated, any amount paid by the Lender to a third party on behalf of the Borrower, or in order to fulfill any obligation of the Borrower under this Agreement shall be reimbursed by the Borrower on demand, and shall bear interest at the Loan Interest Rate from the date of such payment.

1.4 Interest on Interest

The interest due under this Agreement shall itself bear interest at the Loan Interest Rate, commencing from the day it is due until it is received by the Lender.

1.5 Advances and Term of loan

1.5.1 Number of advances

CHOOSE BETWEEN FIRST AND
SECOND RANK HYPOTHEC

The principal may be lent to the Borrower in one or more advances but the Lender will make no advance unless the Borrower has published the rights conferred in this Agreement in the appropriate land registry and register of real and personal movable rights as appropriate, such that the Lender holds a hypothec of • (first/second) rank on the Hypothecated Property, and the Borrower has fulfilled all the other conditions required under this Agreement.

1.5.2 Deduction of interest, tax reserves and other taxes

The Lender may deduct, from an advance, any accrued interest as well as the amount of any realty tax reserve, provincial tax on insurance premiums, or other reserves or holdbacks that may be provided for in the Hypothecary Loan Commitment.

1.5.3 Default

If the Borrower is in default under this Agreement, the Lender may, in addition to any other right or

remedy, postpone or cease making any further advances to the Borrower.

1.5.4 Beginning of term

The term of the Loan begins on the ●(●) day of ● two thousand and ●(200●), which is called the "**Interest Adjustment Date**" in this Agreement.

1.5.5 End of term

The term of the Loan ends on the ●(●) day of ● two thousand and ●(200●) (the "**Maturity Date**"), which is ●(●) months after the Interest Adjustment Date.

1.5.6 Benefit of term

The parties acknowledge that the term of the Loan is for the benefit of both the Lender and the Borrower.

1.5.7 Calculation of interest before the Interest Adjustment Date

Where the Lender makes one or more advances of principal before the Interest Adjustment Date, interest on the advances made before the interest adjustment date shall be due and payable on the Interest Adjustment Date and shall be calculated from the date of each advance.

However, the Lender may either deduct from an advance the interest calculated on the preceding advance or collect the interest on a monthly basis.

1.5.8 Calculation of interest after the Interest Adjustment Date

Interest on each advance of principal made after the interest adjustment date shall be calculated from the date of each advance, at the rate and in the manner set out in Section 1.2.

1.5.9 No assignment or hypothecation of the right to receive an advance

The Borrower shall not assign or hypothecate to a third party the right to receive an advance, without the prior written consent of the Lender.

1.6 Repayment

- 1.6.1 The Borrower undertakes to repay the Lender the principal amount of the Loan, and accumulated interest therein as follows:

The Borrower shall repay the principal amount of the Loan and accumulated interest in equal, consecutive •(notary please select one: weekly, bi-weekly, semi-monthly, monthly) instalments (the “Instalments”) of •Canadian dollars and •cents (\$•) each, on the • (•) day of each month, beginning on the •(•) day of • two thousand and • (200•), which is one month after the Interest Adjustment Date, until the Maturity Date.

- 1.6.2 Allocation of instalments and amounts received

The amounts received by the Lender including the instalments, shall be allocated as follows:

If there is no default

- first to accrued interest; and
- second to the repayment of principal.

In the case of default

- first to the reimbursement of the Lender for any amount paid to a third party on behalf of the Borrower under this Agreement; and
- second to accrued interest; and
- third to the repayment of principal.

- 1.6.3 Final balance

The Borrower shall, at the Maturity Date, pay to the Lender any outstanding amount due under this Agreement, including any amount paid by the Lender on behalf of the Borrower, or in order to perform any of the Borrower’s covenants hereunder, or incurred by the Lender to preserve the Hypothecated Property or exercise the Lender’s rights hereunder.

- 1.6.4 Place of payment and delivery of documents

The Borrower shall make all payments which the Borrower is obliged to make herein directly to the Lender’s beneficiary at:

[TO BE CONFIRMED BY CLIENT]

To the attention of the • or any other place designated by the Lender and shall also deliver there all documents required by the Lender under this Agreement. All documents related to the insurance policies required by the Lender from the Borrower under this Agreement shall also be delivered at the said address.

1.6.5 Divided payments

If there is more than one Borrower under this Agreement and if the Lender receives the share of a Borrower severally and without reserve, the Lender does not, under any circumstance, lose its solidary remedy against either Borrower.

Any stipulation by a Borrower that a payment represents only the Borrower's share of the debt shall be of no effect.

1.7 Repayment Privileges

1.7.1 The Borrower, when not in default shall have the privilege on each anniversary date or during any 12 month period following the Interest Adjustment Date to increase the amount of the regular the monthly payments by twenty percent (20%) and/or prepay up to twenty percent (20%) of the original principal amount without notice or bonus. This privilege is not cumulative if not exercised in any given year. This right of prepayment without notice, bonus or penalty does not apply if the Borrower repays the principal amount of the loan in full. This is the case even if the Borrower has not yet used this right of prepayment in the calendar during which the loan is paid in full.

1.7.2 In the event of the Borrower(s) selling, transferring or conveying title to a purchaser, transferee or grantee not approved by us, in our sole and unfettered discretion, all monies secured hereunder, together with the greater of:

- i. Three (3) months' interest on the principal amount prepaid at the rate of interest chargeable hereunder at the time of prepayment as hereinbefore set out; and
- ii. An interest rate differential (calculated using AGF Trust's current mortgage rate applicable for the remaining term of the mortgage). and any other amounts due under the mortgage, shall become due and payable. The Borrower(s) shall provide promptly such material and information as the Mortgagee may require with respect to the purchaser and terms of the purchase.

In all other events, the Borrower(s) may, if not in default hereunder and upon providing the Mortgagee with prior written notice of their intention, repay in full the secured mortgage debt prior to the Balance Due Date upon delivery to the Mortgagee full payment of both the remaining interest to maturity amount and the remaining principal amount secured hereunder together with any other amounts due under the mortgage, all of which shall be determined by the Mortgagee following receipt of the aforementioned notice

1.8 Payment of Taxes

1.8.1 General

The Borrower is responsible for the cost of all municipal, school and other property taxes (hereafter the “**Taxes**”) levied on the Immovable, as such term is defined in section 2.2.

1.8.2 Tax account

Upon execution of this Agreement, and at the beginning of each subsequent twelve (12) month period during the term of this Agreement, the Lender shall provide to the Borrower an estimate of the amount of Taxes payable on the Immovable for the following year.

When paying each Installment, during such period, the Borrower shall also pay one twelfth of such estimated amount into a tax account established by the Lender.

1.8.3 Disbursement of Taxes

The Lender shall pay the Taxes on the Immovable described in section 2.2 from the tax account.

1.8.4 Interest credited

The Lender shall pay interest on the tax account referred to in Section 1.8.2 at the average of the rates paid by chartered banks to customers with a savings and chequing account, calculated at least once a year.

1.8.5 Balance of unpaid Taxes

At the end of each twelve (12) month period, the Borrower shall reimburse the Lender for any deficit in the tax account.

1.8.6 Excess amount

At the end of each twelve (12) month period, the Lender shall reimburse the Borrower for any surplus in the tax account.

1.8.7 Allocation of Taxes

If the Borrower fails to pay an Instalment, the Lender has the right to use the tax account to repay the Loan.

1.8.8 Interest on advances of Taxes

If the tax account is insufficient to cover the amount of Taxes, any payment by the Lender not covered by the account shall bear interest at the rate and in the manner set out in Section 1.2.

1.8.9 Taxes paid directly by Borrower

The Lender may allow the Borrower to pay the Taxes, subject to such conditions as the Lender may set from time to time.

1.9 Signers

1.9.1 Solidarity

If more than one Borrower signs this Agreement, the obligations of all Borrowers towards the Lender under this Agreement are solidary.

1.9.2 Indivisibility

The obligations of the Borrower are indivisible.

All heirs, successors and assigns of the Borrower may be compelled to perform the obligations of the Borrower under this Agreement.

2. HYPOTHEC

2.1 Grant of Hypothec

As continuing collateral security for the due and punctual payment and performance of all his present and future obligations towards the Lender, including without limitation the repayment of all moneys, including principal, interests, costs and accessories, owing to the Lender pursuant to the Loan and the performance of its other obligations under this Agreement (hereafter collectively the

“**Secured Obligations**”) the Borrower hypothecates and grants a security interest in the Hypothecated Property, as hereafter defined, (the “**Hypothec**”) in favour of the Lender for the sum of ● DOLLARS (\$●) in lawful currency of Canada plus an additional amount equal to twenty percent (20%) thereof to secure all costs, accessories and incidental expenses, the whole with interest from the date of this Agreement at the rate of twenty-five percent (25%) per annum, calculated daily and compounded monthly, with interest on overdue interest calculated at the same rate and in the same manner.

2.2 Description of the Hypothecated Property

The property charged by the Hypothec (the “**Hypothecated Property**”) consists of the following property:

- (i) [**Insert legal description of the immovable(s), as the case may be**] as well as all movables that are presently or shall in the future be materially attached or incorporated to the said immovable[s] (collectively referred to as the “**Immovable**”);
- (ii) The present and future rents payable under all leases, offers to lease or other occupancy agreements as well as all other revenue derived from the Immovable (collectively the “**Rents**”), as well as all indemnities paid under the insurance policies covering the Immovable and Rents as well as any expropriation indemnities with respect to the foregoing;
- (iii) All documents, contracts, books and records with respect to or relating to the Immovable and the Rents; and
- (iv) The universality of all movable property, present and future, now in or on, or hereafter brought in, on or upon the Immovable and all rights and assets, corporeal and incorporeal, present and future, connected with the Immovable and the said movable property or pertaining thereto, including, without limitation, as the case may be, all refrigerators, stoves, washers and dryers, dishwashers, appliances, equipments and all inventory, permits, licenses and contracts of whatsoever nature, as well as in all fruits and revenues from the Immovable and said movable property and those acquired in replacement thereof, and, without limiting the generality of the foregoing, including all revenues, deposits and other sums of

This section (iv) will not apply in the case of an individual or legal entity which is not operating an enterprise
--

money deriving from the Immovable together with all expropriation indemnities, proceeds of insurance policies covering the Hypothecated Property and amounts remitted to the Lender by the Borrower for the payment of property taxes (the “**Movable Property**”).

2.3 Additional Provisions with respect to Rents

- a) The Lender hereby authorizes the Borrower to collect all Rents, provided that no Event of Default has occurred or is continuing, or that the Lender has not withdrawn such authorization. When collecting the Rents, the Borrower shall not receive an advance of more than one month’s rent and shall not lease the Immovable or any part thereof at an amount below market value.
- (b) The Borrower shall, on request, provide the Lender on a yearly basis with a list containing the names of all tenants of the Immovable and details as to their leases. The Borrower shall further provide the Lender, following the occurrence of an Event of Default, as hereafter defined, with the originals, copies, and at anytime upon request with, of all leases, present and future relating to the Immovable and any document containing useful information in connection therewith. When collecting Rents, the Lender may modify or cancel leases, and is not liable for damages resulting from the non-collection of any Rents.

3. **REPRESENTATIONS AND WARRANTIES OF THE BORROWER**

The Borrower represents and warrants the following:

- 3.1 The Borrower is the owner of the Hypothecated Property, having acquired it by good and valid title and the Hypothecated Property is free and clear of any real rights, hypothecs, security interests, or other charges, other than the following:

(Insert here any such real rights) where such real rights are hypothecs, charges or security interests, same will be discharged with the proceeds of the Loan.

- 3.2 The Borrower’s matrimonial or civil status is: ●

[OR]

The Borrower is a legal person, duly constituted, validly existing and duly registered or qualified to carry on business in each jurisdiction where it is required by law to be so registered or qualified. The hypothecation of the Hypothecated Property, the execution, delivery and performance by it of its obligations under the Loan and this Agreement have been duly authorized by all necessary actions, and do not violate its constating documents, by-laws, or any laws or agreements to which it is subject or bound.

- 3.3 The Rents have not been assigned or hypothecated in favour of a third party.
- 3.4 More than six months have elapsed since the end of the most recent construction, renovation or repair work on the Hypothecated Property and no account for any such work from an architect, engineer, supplier of materials, worker, contractor, or subcontractor remains unpaid.
- 3.5 There are no unpaid Taxes on the Immovable.
- 3.6 The Hypothecated Property complies with all applicable laws and municipal regulations, including all applicable environmental laws and regulations.
- 3.7 The Certificate of location of the Hypothecated Property prepared by ● QLS on ● is complete and accurate in all respects.
- 3.8 The Hypothecated Property is not located in a flood zone.
- 3.9 The Hypothecated Property was never insulated with Urea Formaldehyde Foam Insulation, nor does it contain any pyrite.

4. COVENANTS OF THE BORROWER

- 4.1 Where the immovable is a single-family dwelling, the Borrower must occupy the Immovable as his principal residence. Should the Immovable be rented to a third party, the Lender reserves the right to demand full payment of the Loan.
- 4.2 If a building is to be erected on the Hypothecated Property and same is not yet constructed as of the date hereof, the Borrower shall complete its construction before ●, in accordance with the plans and specifications approved by the Lender and with accepted practice. Should the construction not be completed by that date or depart from

accepted practice or those plans and specifications, the Lender may, without prejudice to its other rights and remedies, cause the construction to be completed or corrected in order to protect its security.

- 4.3 The Borrower shall maintain the Hypothecated Property in good repair and condition and shall not do anything that could reduce its value. The Borrower will comply with all applicable laws and regulations relating to the Hypothecated Property, including environmental laws.
- 4.4 The Borrower shall pay when due any and all fees, taxes, charges and levies relating to the Hypothecated Property, as well as any claim that could rank before the Hypothec, and will furnish the Lender, upon demand, with proof that such payments have been made.
- 4.5 The Borrower shall insure the Hypothecated Property with an insurer acceptable to the Lender, to its full replacement value, against risk of loss or damage by fire, theft and any other risk that a careful administrator would cover by insurance policies and shall maintain such insurance until the Secured Obligations have been paid in full and the Lender releases the Hypothec. The Lender is hereby designated as a beneficiary under all insurance policies relating to the Hypothecated Property. The Borrower will ensure that the Lender is designated as loss payee and additional insured in those insurance policies and such policies shall include the standard mortgage clauses in favour of the Lender as approved from time to time by the Insurance Bureau of Canada. The Borrower shall remit to the Lender any indemnity it receives directly from the insurer or otherwise pursuant to an insurance policy required under this Agreement up to the amount of the Secured Obligations. The Borrower shall provide the Lender with a copy of each such insurance policy and with proof of its renewal no later than thirty (30) days prior to its expiry or cancellation.
- 4.6 Where the Hypothecated Property is destroyed in whole or in part the Borrower shall not repair or rebuild the Immovable without the Lender's prior written consent.
- 4.7 The Borrower shall do all things and execute all documents required so that the Hypothec shall be of full effect and be continuously opposable to third parties.
- 4.8 If the Immovable is a rental property, the Borrower shall keep such books and records relating to the Hypothecated

Property as would a prudent administrator. The Borrower shall make such books and records available to the Lender upon request.

- 4.9 The Borrower shall not make any changes, renovations or additions to the Immovable, nor change the use or destination of same without the Lender's prior written consent. Furthermore, the Borrower shall not use the Immovable for commercial or industrial purposes.
- 4.10 The Borrower shall not hypothecate, encumber, sell or otherwise alienate the Hypothecated Property without the Lender's prior written consent. Notwithstanding any such sale or alienation, the Borrower shall remain liable to the Lender for the reimbursement of all amounts owing to it and for the performance of all of its obligations under this Agreement until such time as all of the Secured Obligations are completely repaid.
- 4.11 The Borrower shall not grant a right of use, usufruct, emphyteutic rights or superficies on the Immovable nor shall it grant a servitude on the Immovable, without the Lender's prior written consent, except a servitude for public utilities.
- 4.12 The Borrower shall furnish to the Lender any information regarding the Hypothecated Property that the Lender may reasonably request in order to verify that the Borrower is in compliance with its obligations hereunder.
- 4.13 The Borrower shall not suffer to exist any real right, hypothec or security interest on the Hypothecated Property, except those to which the Lender will have consented to in writing. The Borrower will not assign the Rents, in whole or in part, nor will it provide a release in advance for more than one month's rent.
- 4.14 The Borrower shall promptly inform the Lender of any event or facts which might adversely affect his financial situation or the value of the Hypothecated Property. The Borrower shall also promptly inform the Lender of the occurrence of any Event of Default.
- 4.15 Where the Borrower is a corporation or other legal entity, it shall not merge or amalgamate with any other person, nor commence proceedings for its liquidation or winding-up, except with the Lender's prior written consent.
- 4.16 The Borrower shall pay all costs, fees, disbursements, expenses and taxes related to this Agreement, including those incurred by the Lender to inspect or evaluate the

Hypothecated Property and to obtain any legal opinion the Lender may reasonably request with respect to the validity and rank of the Hypothec.

- 4.17 The Borrower shall furnish the Lender with a Certificate of location addressed to it and of recent date.
- 4.18 The Borrower shall reimburse the Lender for all costs and expenses incurred by it to exercise its rights or to perform one of the Borrower's obligations hereunder, with interest thereon at the Loan Interest Rate.

5. RIGHTS OF THE LENDER

- 5.1 The Lender may from time to time, at the Borrower's expense, inspect the Hypothecated Property or have same evaluated. To that end, upon reasonable prior written notice being given to the Borrower, except when an Event of Default exists in which case no advance notice will be required, the Borrower shall allow the Lender to visit and have access to the Hypothecated Property during regular business hours and the Lender may examine and make copies of all books and records relating thereto.
- 5.2 If the Borrower fails to make any payment or perform any act required to be made or performed hereunder, the Lender, without waiving or releasing any obligation or Event of Default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of the Borrower, including without limitation subscribe to such insurance as the Borrower must maintain pursuant to the terms of this Agreement, and may enter upon the Hypothecated Property or any part thereof for such purpose and take all such action thereon as, in the opinion of the Lender, may be necessary or appropriate therefore. All sums so paid by the Lender and all costs and expenses (including without limitation, reasonable attorneys' fees and expenses) so incurred, together with interest thereon at the Loan Interest Rate from the date of payment or incurrence, shall be secured hereby and shall be paid by the Borrower to the Lender on demand. The Lender in making any payment authorized under this section relating to taxes or assessments may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien or title or claim thereof. The Lender, in performing any act hereunder, shall be the

sole judge of whether the Borrower is required to perform the same under the terms of this Agreement.

5.3 Administration by the Lender:

5.3.1 The Lender, if it administers the Hypothecated Property, may, without being obliged, among other things:

- 5.3.1.1 impute any amount received in accordance with the order provided in this Agreement;
- 5.3.1.2 sign any lease, service contract, management contract or renewal, cancel or resiliate them and execute any deed on behalf of the Borrower;
- 5.3.1.3 maintain, repair or renovate the Hypothecated Property, undertake or complete all construction work at the Borrower's expense;
- 5.3.1.4 waive any right which belongs to the Borrower with or without consideration;
- 5.3.1.5 reimburse on behalf of the Borrower any third person with claims against the Hypothecated Property; and
- 5.3.1.6 delegate to a person designated by the Lender the exercise of its rights, in whole or in part and is authorized to disclose to such person any information it may have about the Borrower, any surety or the Hypothecated Property.

5.3.2 The Lender, if it administers the hypothecated property, is moreover not obliged to:

- 5.3.2.1 conserve the destination or use of such property nor make it productive;
- 5.3.2.2 make an inventory, take out insurance or provide security;

and shall not be held liable for dilapidation of the Hypothecated Property or for any loss whatsoever.

6. EVENTS OF DEFAULT

- 6.1 Each of the following shall constitute a default and their occurrence shall constitute an event of default (an “**Event of Default**”):
- (a) any of the Secured Obligations are not paid or performed when due;
 - (b) any of the representations or warranties made by the Borrower in article 3 are false, incorrect or misleading in a material respect;
 - (c) the Borrower fails to perform any of its undertakings pursuant to article 4 or under any other provision of this Agreement;
 - (d) the Borrower defaults on its obligations towards the Lender under any other deed or agreement, or is in default under any other deed of hypothec or security agreement with respect to the Hypothecated Property;
 - (e) if the Borrower is operating an enterprise, he ceases to operate it;
 - (f) the Borrower or any guarantor becomes insolvent, makes an assignment for the benefit of its creditors, is adjudged bankrupt, avails itself of the *Bankruptcy and Insolvency Act* (Canada), the *Company's Creditors Arrangement Act* (Canada) or any other similar legislation leading to the Borrower's or any guarantor's liquidation, winding-up, bankruptcy, or the making by the Borrower or any surety of a proposal, arrangement or compromise with its creditors, or the Borrower or any guarantor does not contest the proceedings taken against it pursuant to such legislation within thirty (30) days of the commencement of such proceedings;
 - (g) any guarantor is released, or any suretyship given is terminated, in any manner, other than with the Lender's prior written consent;
- 6.2 Upon the occurrence of an Event of Default, all amounts owing to the Lender will become immediately due and payable, and the Lender will not be required to make any further advance nor extend any credit to the Borrower. Furthermore, the Lender may exercise all rights, remedies and powers described herein or provided by law and at its

discretion exercise any right of action and any of the hypothecary rights provided for under the Civil code of Quebec.

- 6.3 The Borrower undertakes, immediately upon receipt of a prior notice of the exercise of a hypothecary right to voluntarily surrender the Hypothecated Property to the Lender.
- 6.4 When the Borrower is in default, the Lender may, at the Borrower's expense, use and administer the Hypothecated Property, including leasing all or part of the Hypothecated Property, or renewing existing leases, upon such conditions as it may deem appropriate. The Lender may also make such compromises and transactions with the debtors of the Rents and may grant releases and discharges, as it may deem appropriate.

7. GENERAL

- 7.1 Neither the preparation, execution or registration of this Agreement shall bind the Lender to make advances under the Loan, nor shall the advance of a portion of the funds available under the Loan bind the Lender to advance any unadvanced portion thereof, but nevertheless the Hypothec shall take effect forthwith upon the execution of this Agreement by the Lender. The expenses of the examination of the title and the preparation of this Agreement and valuation are guaranteed by this Hypothec.
- 7.2 Time is of the essence hereof. The mere lapse of time provided for the Borrower to perform any obligation secured hereby or the expiry of the term thereof shall automatically create a default hereunder, without the Lender being obliged to serve any notice or prior notice upon the Borrower.
- 7.3 The rights and recourses of the Lender pursuant to this Agreement are cumulative and do not exclude any other rights and recourses which the Lender might have. No omission or delay on the part of the Lender in the exercise of any right shall have the effect of operating as a waiver of such right. The partial or sole exercise of a right or power will not prevent the Lender from exercising thereafter any other right or power.
- 7.4 Any provision of this Agreement which is found to be prohibited or unenforceable by a Court of competent jurisdiction shall be of no effect to the extent of such

prohibition or unenforceability without invalidating the remaining provisions hereof.

- 7.5 The Lender shall be free to delegate to any person or persons the exercise of its rights, actions or the performance of any covenant resulting from this Agreement or law; in such case, the Lender shall supply such person with any information it holds relating to the Borrower or to the Hypothecated Property.
- 7.6 The Lender is hereby designated as the irrevocable mandatary of the Borrower with full powers of substitution for the purposes hereof or for the purpose of carrying out, upon the occurrence of an Event of Default, any and all acts and executing any and all deeds, proxies or other documents which the Lender may deem useful in order to exercise its rights or which the Borrower neglect or refuse to execute or to carry out.
- 7.7 Any notices to be given under this Agreement shall be forwarded as follows:

To the Lender at:

66 Wellington Street West
31st Floor
P.O. Box 31 TD Centre
Toronto (Ontario) MK5 1E9

To the attention of: Supervisor of Mortgage Administration

To the Borrower at :

•

If the Lender cannot locate the Borrower at the aforementioned address, it may serve any notice at the office of the Clerk of the Superior Court of Quebec for the judicial district where the Immovable is located. The Borrower hereby elects domicile in such district.

Any notice received after 4 p.m. shall be deemed to have been received on the following business day.

- 7.8 This Agreement shall be construed and governed by the laws of the province of Quebec and the federal laws of Canada applicable therein. The parties hereby irrevocably attorn to the jurisdiction of the Courts of the province of Quebec in the judicial district where the Immovable is located.

- 7.9 The Hypothec shall be a continuing security which shall remain in full force and effect notwithstanding the repayment, from time to time, of the whole or of any part of the Secured Obligations, and shall remain in full force until the execution and delivery of a release by the Lender. The Borrower, as may be required, obligates himself again in accordance with art. 2797 of the Civil Code of Quebec.
- 7.10 No remedy herein conferred upon or reserved to the Lender is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or by statute.
- 7.11 The Hypothec is in addition to and not in substitution or replacement for any other hypothec, security interest or other security agreement held by the Lender.
- 7.12 No delay or omission of the Lender in exercising any right or power shall impair any such right or power, or shall be construed to be a waiver of any default or Event of Default. Every power and remedy given by this Agreement to the Lender may be exercised from time to time and as often as may be deemed expedient by the Lender.
- 7.13 All rights, remedies and powers provided hereunder may be exercised only to the extent that the exercise thereof does not violate any applicable laws, and all the provisions hereof are intended to be subject to all mandatory provisions of applicable laws and to be limited to the extent necessary so that they will not render this Agreement invalid.
- 7.14 The parties acknowledge that they have required that this Agreement, as well as all documents, notices and legal proceedings executed, given or instituted pursuant or relating directly or indirectly hereto, be drawn up in English. Les parties reconnaissent avoir exigé la rédaction en anglais de cet acte, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, à la suite de ou relativement au présent acte

8. SPECIAL PROVISIONS

The provisions of this article 8 shall apply in the following circumstances:

- (a) if the Borrower is a consumer as such term is defined in the *Consumer Protection Act* (Quebec);

- (b) if the Hypothec is of second rank or subsequent rank;
and
- (c) if the Immovable has four (4) dwellings or less.

8.2 If, the Loan is to be reimbursed by regular installments and upon the expiry of the term of the Loan, an amount exceeding the amount of one regular installment is outstanding, the Lender may not demand payment thereof before 30 days after he has given a notice in writing of his intention to the Borrower, except where there is an Event of Default.

8.3 The Borrower recognizes having received on the ____ day of _____ from the Lender a statement of the credit charges, a copy of which is attached hereto after having been acknowledged as true and signed for identification by the parties in the presence of the undersigned notary.

Must be 2 days before date of deed

9. DIVIDED CO-OWNERSHIP

The following provision shall apply when the Immovable is comprised of one or several units of divided co-ownership.

- (a) The Borrower will comply with the Civil Code of Québec, all other laws governing divided co-ownership and with the terms of the Declaration of Co-Ownership, as same may be replaced, amended or restated, and all other by-laws, resolutions and rules of the condominium corporation (the “**Corporation**”) relating to the Borrower’s unit (the “**Unit**”) and provide the Lender with proof of compliance from time to time as the Lender may request. The Borrower will pay the portion of the common expenses and contribution to the common expense fund relating to the Unit to the Corporation on their due dates. If the Lender decides to collect the Borrower’s contribution towards the common expenses, including the common expense fund, from the Borrower, the Borrower will pay the same to the Lender upon being so notified. The Lender is authorized to accept a statement which appears to be issued by the Corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due. The Borrower, upon notice from the Lender, will forward to the Lender any notices, assessments, resolutions, rules and financial statements of the Corporation that the Borrower receives or is entitled

to receive from the Corporation. The Borrower will maintain all improvements made to the Unit and repair them after damage. In addition to the insurance which the Corporation must obtain, the Borrower shall insure the Unit in accordance with section 4.5. The Borrower irrevocably authorizes the Lender to exercise the Borrower's rights under the Civil Code of Quebec and under the Declaration of Co-Ownership, resolutions and rules of the Corporation to vote, consent and dissent.

(b) The Borrower hereby assigns and transfers as security to the Lender all his rights to amounts in common expense funds established or to be established under the provisions of the aforesaid Declaration of Co-ownership, and agrees to sign any deed confirming such assignment as may be required by the Lender. It is understood, however, that such assignment shall only take effect if the Lender obtains title to the Immovable.

(c) Furthermore, if the Immovable is transferred or sold, the Borrower shall then agree and undertake to ensure any such transfer or sale be conditional upon the new purchaser (x) agreeing to fulfill all the obligations of the Borrower to the Lender under this clause and (y) confirming the assignment of voting rights and of all rights to the common expense funds to the Lender, the whole as indicated above. The obligations in this paragraph are in addition to those contained herein governing alienation of the Immovable.

10. FAMILY RESIDENCE

FURTHER INTERVENES TO THIS AGREEMENT:

To be inserted only if the hypothecated property is the family residence.

• [profession] residing and domiciled at • in the City of •
Province of ••

(hereinafter called the “**Intervenant**”).

WHO:

10.1 declares having taken cognizance of the present Deed and concur therewith, the whole in conformity with the law;

10.2 consents to the Borrower charging the Hypothecated Property under the present deed;

- 10.3 acknowledges that if the Immovable is a family residence within the meaning of Section 401 and following of the Civil Code of Québec or if a declaration of family residence has been registered against the Immovable, the hypothecs, rights and recourses of the Lender created under the present deed will have priority of rank and the Lender could exercise its right upon the Immovable as if no declaration of family residence had been registered or as if the immovable property was not a family residence;
- 10.4 the Intervenant renounces to his rights that he could have under the said declaration of family residence or under any future declaration that he could register against the Immovable.
- 10.5 acknowledges that if the Lender becomes the owner of the Immovable by reason of the exercise of the taking-in-payment provisions under the law, or if the Immovable is adjudicated to the Lender or a third party at a sale by sheriff, a sale for taxes, or any other sale having the same effect, the Lender or any third person shall become the owner of the Immovable, free and clear of any and all rights which the Intervenant might have against the Immovable as the family residence under the law, or the judicial award of a right of use, habitation or ownership.

11. SPOUSAL CONSENT

FURTHER INTERVENES TO THIS AGREEMENT:

To be inserted only if the consent of the spouse is required.

• [profession] residing and domiciled at • in the City of •
Province of ••

(hereinafter called the “**Intervenant**”).

WHO:

- 11.1 declares having taken cognizance of the present Deed and concur therewith, the whole in conformity with the law;
- 11.2 consents to the Borrower charging the Hypothecated Property under the present Deed;
- 11.3 acknowledges that if the Lender becomes the owner of the Hypothecated Property by reason of the exercise of the taking-in-payment provisions under the law, or if the Hypothecated Property is adjudicated to the Lender or a third party at a sale by sheriff, a sale for taxes, or any other sale having the same effect, the Lender or any third person shall become the owner of the Hypothecated Property, free

and clear of any and all rights which the Intervenant might have against the Hypothecated Property;

12. CO-OWNERSHIP

FURTHER INTERVENES TO THIS AGREEMENT:

To be inserted only if the consent of the co-owner / non-borrower is required.

• [profession] residing and domiciled at • in the City of •
Province of ••

(hereinafter called the “**Intervenant**”).

WHO:

- 12.1 declares that it is the co-owner of the Hypothecated Property in undivided co-ownership with the Borrower;
- 12.2 for the same purposes as those for which the Borrower grants the hypothecs in this Agreement, grants the same hypothecs for the same amounts in favour of the Lender on its undivided interest in the Hypothecated Property;
- 12.3 declares itself bound, jointly and severally with the Borrower, by all provisions contained herein inasmuch as they affect it or are applicable to it as co-owner;
- 12.4 unless having personally guaranteed the principal, interest and fees, will only be bound hypothecarily on its undivided interest, as real surety.

AND AFTER DUE READING HEREOF, the parties have signed in the presence of the undersigned Notary.

[BORROWER]

Per: _____
Name: •
Title: •

[INTERVENANT] [IF ANY]

Per: _____
Name: •
Title: •

AGF TRUST COMPANY

Per: _____
Name: ●
Title: ●

Per: _____
Name: ●
Title: ●

● Notary