

## DEED OF SUBROGATION

ON THIS • DAY OF • TWO THOUSAND • ( • )

BEFORE Mtre • , the undersigned Notary for the Province of Québec, practicing at the City of • .

### APPEARED:

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company duly constituted under the laws of Canada, having its head office at " • " , Toronto, Ontario, " • " , herein acting and represented by • , its • , and by • , its • , duly authorized pursuant to • , copies of which will remain annexed to the present Deed after having been acknowledged as true and signed for identification by the said representatives with and in the presence of the undersigned Notary;

(the "Lender");

Notice of address of the Lender is registered at the Land Register of Québec under number " • " .

### AND:

• , domiciled at • ;

(the "Debtor").

### THE PARTIES HAVE AGREED AS FOLLOWS:

#### 1. LOAN

1.1 The Lender has granted to the Debtor a loan in the amount of • **DOLLARS** (\$ • ) (the "Loan") on • . This amount will be disbursed, on behalf of the Debtor, to • (the "Creditor"), to repay the amount payable by the Debtor under a loan granted by the Creditor to the Debtor (the "Existing Loan"). The Existing Loan is secured by :

(a) Deed of Hypothec received before " • "Notary on " • " and registered at the Land Registry Office for the Registration Division of • under number • ;

(b) Note: other loan and security documents to be listed here:

•

(the " Deed of Hypothec ").

#### 2. SUBROGATION

2.1 The parties declare that the amount is borrowed to pay the debt owing to the Creditor pursuant to the Existing Loan and to subrogate the Lender in all the Creditor's rights under the Deed of Hypothec and the provision of any related deed related thereto,

the whole in accordance with Article 1655 of the *Civil Code of Québec*.

- 2.2 The immovable property hypothecated under the terms of the Deed of Hypothec is known and designated as follows:

**DESCRIPTION**

•

(the "Immovable").

**3. REPAYMENT**

- 3.1 The Debtor undertakes to repay to the Lender the amount of the Loan with interest, in accordance with the terms and conditions to which the parties may agree from time to time.

**4. DECLARATION OF THE DEBTOR**

- 4.1 The Debtor [if there is more than one Debtor, specify the name of the person who owns the Immovable] owns the Immovable and the Immovable is free and clear from any real right, hypothec or security interests other than the following: [ • ]

- 4.2 The rents and revenues generated by the Immovable have not been assigned to a third party.

If the Debtor is an individual, the Debtor's matrimonial status is as follows: [ • ]

- 4.3 More than six (6) months have elapsed since the completion of the last construction or renovation work in respect of the Immovable.

**5. RIGHTS UNDER THE EXISTING HYPOTHEC**

- 5.1 The Debtor will do all things and sign all documents necessary for the hypothecs and other security constituted by the Deed of Hypothec to continue to secure the Debtor's obligations under the Loan and any supplemental agreement.

- 5.2 The Debtor will pay, when due, all taxes and other charges relating to the Immovable, as well as any debt which may rank prior to the Deed of Hypothec, and will deliver to the Lender, on demand, evidence that the payments referred to in this paragraph have been made.

- 5.3 The Debtor will keep the Immovable and the rents generated by the Immovable free from any real right, hypothec and security, except those which the Lender has consented to in writing.
- 5.4 Unless otherwise stipulated in this deed or in any supplemental agreement, all provisions of the Deed of Hypothec setting out the Creditor's rights under the hypothecs and other security provided for in the Deed of Hypothec will benefit the Lender and these rights will be considered as being granted in favour of the Lender.

## **6. ADDITIONAL CONDITIONS**

- 6.1 **Inspection** The agents of the CMHC may inspect the Immovable. Without limiting the generality of the foregoing, the Lender, the CMHC and their respective agents may enter the Immovable to carry out, at any reasonable time, environmental assessments, tests, inspections or studies as the Lender or the CMHC may deem necessary. All reasonable costs of such assessments, tests, inspections or studies will be immediately due and payable by the Debtor and will be added to the Loan. The Lender, the CMHC or their respective agents will not be considered to be hypothecary creditors in possession of the Immovable as a result of the exercise of the foregoing rights.
- 6.2 **Due on sale** The Debtor will not sell, transfer or otherwise dispose of the Immovable without the prior consent of the Lender. In the absence of the approval of the Lender, the loan and any amount due to the Lender will immediately become due and payable in full with prepayment charges.

**Subsequent owner** Subject to the prior written consent of the Lender, the subsequent owner of the Immovable must assume all obligations of the Debtor pursuant to this deed, as well as those provided in any supplemental agreement. In such case, such subsequent owner will also be considered to be a Debtor for the purposes hereof, the whole without any novation or release of the previous Debtor, the Lender expressly reserving all its rights and hypothecs with respect to the Immovable.

- 6.3 **Interest adjustment date** The definition of the interest adjustment date for the purposes of any Loans insured by the CMHC is as specifically provided in the supplemental agreements.

## **7. INSURANCE**

- 7.1 **Obligation to insure** The Debtor will insure the Immovable and keep it constantly insured for its full insurable value against damage caused by fire and all other risks. The Debtor will also

obtain insurance covering loss of revenue resulting from loss of, or damage to, the Immovable. The Lender is hereby designated as the beneficiary of the indemnities payable under such policies. The Debtor will cause such designation to be inserted in such policies, which must also contain customary clauses protecting hypothecary creditors in the form approved by the Insurance Bureau of Canada. Each policy will provide that the insurer must notify the Lender fifteen (15) days in advance prior to any cancellation, material amendment, or the expiry of such policy. The Debtor will deliver to the Lender, on demand, a copy of each policy or evidence of its renewal or replacement.

If the Debtor does not insure or does not pay the premium of the insurance policy, the Lender may take out insurance and pay the premium. However, the Lender is not obligated to do so. The amount paid by the Lender will be added to the amount of the Loan and will bear interest at the interest rate of the Loan.

- 7.2 **Loss or damage** In the event of loss or damage, the Debtor will provide, at its expense, all evidence necessary and take all actions necessary to allow the Lender to collect the insurance indemnity.
- 7.3 **Use of indemnity** The Lender may, at its discretion, apply any insurance indemnity to the reconstruction, repair or restoration of the Immovable, hand it over to the Debtor or to any other person registered as the owner of the Immovable in the land register or apply such indemnity in whole or in part to the payment of the Loan or any portion thereof, whether or not such Loan is due.

## **8. DIVIDED CO-OWNERSHIP (CONDOMINIUM)**

- 8.1 If the Immovable is part of a divided co-ownership, the following provisions will apply in addition to all the others provisions:
- 8.2 **Declaration of co-ownership and contributions** The Debtor undertakes to comply with all of the provisions of the declaration of co-ownership relating to the Immovable as well as the provisions of any by-law. In particular, the Debtor undertakes to pay, when due, all contributions that the Debtor is required to make to the common expenses and the contingency fund.
- 8.3 **Hypothec** If the Lender so requests, the Debtor will hypothecate its rights deriving directly or indirectly from the declaration of co-ownership and any by-law, including without limitation all claims the Debtor may have against the syndicate of co-owners.
- 8.4 **Voting rights** The Debtor irrevocably authorizes the Lender to exercise the voting rights that it holds under the declaration of co-ownership. The Debtor undertakes to sign any document required by the Lender in order to allow the Lender to exercise such voting

rights. The Lender agrees that the Debtor may continue to exercise its voting rights until a written notice to the contrary is given by the Lender to the board of directors of the syndicate of co-owners. The Lender may also request that notices of meetings be sent to the Lender directly.

**Insurance** The Lender acknowledges that in event of loss or damage, the provisions of Article 1075 of the Civil Code of Québec relating to the use of an insurance indemnity in respect of a co-ownership will prevail over the provisions of Article 7 of this deed.

## **9. GENERAL**

### **9.1 Notice and election of domicile**

Any notice to the Debtor may be sent to his principal residence or his last address known to the Lender. If the Lender cannot locate the Debtor, the service of such notice will be valid if made at the office of the clerk of the Superior Court for the judicial district in which the Immovable is located.

### **9.2 Governing law**

Any claim or dispute regarding the interpretation or the performance of the obligations arising from this deed will be submitted to the courts of the province of Quebec. The parties acknowledge the exclusive jurisdiction of the courts of this province in this regard.

### **9.3 *The National Housing Act***

This Act will apply to any loan insured by CMHC. The Loan will be limited to the eligible amount under this Act.

### **9.4 Liability**

If more than one person is designated as Debtor, each of these persons is solidarily liable to the Lender for all the obligations of this deed and any supplemental agreement.

### **9.5 Interpretation**

In the event of any contradiction between these terms and conditions and those set out in the Deed of Hypothec, the parties agree that the terms and conditions of this deed will prevail over those set out in the Deed of hypothec.

### **9.6 Language**

The parties confirm that it is their wish that this deed and all other related documents be drawn up in English. Les parties aux présentes confirment leur volonté que cet acte de même que tous les documents s'y rattachant soient rédigés en anglais.

**10. INTERVENTION OF SPOUSE [IF APPLICABLE]**

• , spouse of the Borrower, domiciled and residing at • , intervenes in this Deed and declares:

- 10.1 that he/she has taken cognizance of this deed and consents to its terms and conditions;
- 10.2 that the declaration of matrimonial status made by the Debtor is accurate; and
- 10.3 that, even if a declaration of family residence has previously been or will subsequently be registered against the Property, his/her rights are subordinated to those of the Lender. The Lender may exercise its rights and recourses, free of all rights of the intervening spouse.

**WHEREOF ACT**

**DONE AND PASSED** at the City of • , Province of Québec, on the date aforesaid and remains of record in the office of the undersigned Notary under the number • of his repertoire.

**AND**, after all parties hereto have declared that they have taken cognizance of these presents and have exempted the said Notary from reading them or causing them to be read, the said duly authorized representatives of all parties have signed these presents with and in the presence of the undersigned Notary.

**COMPUTERSHARE TRUST  
COMPANY OF CANADA**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**[THE DEBTOR]**

- 7 -

---

Name:

**[THE SPOUSE]**

---

Name:

---

• , Notary