**LA FINANCIÈRE AGRICOLE DU QUÉBEC**

**LINE OF CREDIT AGREEMENT**

**BETWEEN**

SAISIE

hereinafter called the **"Lender"**,

**AND**

SAISIE

hereinafter called the **"Borrower"**,

Who have entered into the following agreement, namely:

1- **PRELIMINARIES**

Insofar as they are not modified herein, the terms and conditions stipulated in the certificate authorizing the line of credit, hereinafter called the "certificate", issued under the Act respecting La Financière agricole du Québec (CQLR, chapter L‑0.1), hereinafter called the"Act", to the Borrower by La Financière agricole du Québec, hereinafter called "La Financière agricole", the SAISIE, are an integral part of the line of credit A copy of this certificate remain attached hereto.

2- **AMOUNT AND TERM OF THE LINE OF CREDIT**

The Lender grants the Borrower, who accepts, as a SAISIE a line of credit up to the amount of SAISIE dollars ($ SAISIE) under the Program for farm financing, hereinafter called the "Program", made under the Act, for a period of SAISIE from the date this agreement is signed.

3- **TERMS AND CONDITIONS OF USE**

The Borrower shall receive the line of credit during it's term, in whole or in part, in one or many advances of money, provided that the total amount of sums owing in capital on those advances does not exceed the amount of the line of credit indicated in section 2 of this agreement and that he is not in default under the terms of this agreement. These advances shall be paid so as to cover the cheques drawn on his account no. SAISIE and the withdrawals made from that account, provided that the purposes for which the cheques are drawn or the withdrawals made comply with the Program and, as the case may be, with the use specified on the certificate.

The first advance shall be disbursed when all the applicable conditions of the certificate have been met to the satisfaction of the Lender, when the required securities have been adequately pledged and when the deed for those securities has been duly registered.

4- **STATEMENT OF ADVANCES AND REPAYMENTS**

Every advance must be evidenced by a cheque, with mention of the purpose for which it was issued, or by a withdrawal order authorized by the Borrower; in this case, the withdrawal order must be accompanied with vouchers showing the use of the sums withdrawn; otherwise the withdrawal order will be deemed to evidence an advance of money made to cover his living expenses up to the amount indicated in the certificate, as the case may be. The Lender shall keep the cheques or a scan of their recto, withdrawal orders and other vouchers in his possession until La Financière agricole authorizes him to dispose of them.

Subject to any other means of proof, production of the parties' respective receipts and, where such is the case, the cheques cashed, are proof of the outstanding balance and any repayments made.

5- **REPAYMENT AND VARIATION OF CREDIT**

The Borrower may make any repayments he wishes, even for all of the sums owing, and subject to sections 11 and 12, thereafter benefit in the same manner from the line of credit as if he had not yet received any of the repaid capital.

6- **PERIODICAL REVIEW**

During the entire term of the line of credit, the Lender or La Financière agricole may review, each time that they deem it necessary, the Borrower's financial position by examining:

a) his financial statements or any other data making it possible to establish his financial situation;

b) the stock of farm supplies and products related to his farming business or any substitute therefor.

The Borrower accepts that the line of credit shall be subject to such review.

7- **INTEREST**

All advances to the Borrower under the line of credit shall bear interest at the rate of SAISIE percent (SAISIE %) per annum, accumulated monthly and not in advance.

The interest rate payable on any amount due under this agreement must be ajusted at each change of the prime rate of interest in order to ajust to this new rate majorated of 1 %.

For the purposes of this agreement, "prime rate of interest" means the rate applicable to the Lender under section 18 of the Program.

The Borrower undertakes to pay the interest on the line of credit, which includes only the interest accrued on the advances of money actually disbursed, on the SAISIE day of each month, except on a non‑juridical day or a Saturday, in which cases maturity will be on the first subsequent working day, and interest will accrue in the meantime. The interest shall be charged to the Borrower's account if the credit balance is sufficient.

8- **COMPENSATORY INTEREST**

Any interest installment unpaid on maturity and any sum advanced or disbursed by the Lender for the preservation, protection or recovery of his claim in capital, interests and incidental costs, for the repair and upkeep of property securing the line of credit, for ensuring the performance of any obligation of the Borrower, for the payment of taxes or other land taxes, of insurance premiums or fees and other charges, shall be capitalized and bear interest, of right and without formal notice, from the date of maturity or the date of disbursement, as the case may be, at the annual rate in force at that time under section 7 of this agreement, subject, however, to the change in the interest rate provided for in that section.

Every sum referred to in the above paragraph is payable at any time and without notice.

9- **METHODS OF REPAYMENT**

The Borrower undertakes to repay any sum advanced under the line of credit on the expiry of its time limit, or in the following manner:

SAISIE

However, the Borrower shall immediately remit to the Lender the proceeds from the sale of animals or crops for whose purchase, or for whose production he obtained this line of credit or what may be considered a substitute therefor, including any indemnity to be paid by anybody, unless La Financière agricole, decides otherwise.

Every repayment must be made to the Lender at his address as indicated above or at any other place designated in writing to the Borrower by the Lender.

10- **COMMITMENTS OF THE BORROWER**

During its entire term of the line of credit, the Borrower must:

a) if he is engaged in agriculture, he must meet the conditions that made him eligible for the line of credit during its entire term and more particularly:

a.1) if the Borrower is a natural person, he must be of full age, domiciled in Quebec, a Canadian citizen or permanent resident within the meaning of the Immigration and Refugee Protection Act (R.S.C., [2001], chapter 27) and hold the ownership rights or other rights in the farming business;

a.2) if the Borrower is a business corporation, it must have its head office and principal place of business in Quebec. At least fifty percent (50 %) of its issued shares comprising a single right to vote and of its issued shares of each category and each serie comprising more than a singlr right to vote, must be held by one or more natural persons who are engaged in agriculture on the Borrower’s operation and who meet the requirements of subparagraph a.1) or by one or more business corporation, cooperatives, general or limited partnerships, who meet the requirements of this subparagraph or of subparagraphs a.3) and a.4);

a.3) if the Borrower is a cooperative, it must have its head office and main place of business in Quebec. At least fifty percent (50 %) of its shares must be held by one or more natural persons who are engaged in agriculture on the Borrower’s operation and who meet the requirements of subparagraph a.1) or by one or more business corporation, cooperatives, general or limited partnerships who meet the requirements of this subparagraph or of subparagraphs a.2) and a.4);

a.4) if the Borrower is a general or limited partnership, it must have its domicile and main place of business in Quebec. At least fifty percent (50 %) of the partners’ shares must be held by one or more natural persons who are engaged in agriculture on the Borrower’s operation and who meet the requirements of subparagraph a.1) or by one or more business corporation, cooperatives, general or limited partnerships who meet the requirements of this subparagraph or of subparagraphs a.2) and a.3);

a.5) if the Borrower is an entity composed of more than one natural person, business corporation, cooperative, general or limited partnership or of a combination of those ones, each one of them must comply with the requirements applicable to it in accordance with subparagraphs a.1), a.2), a.3) and a.4). However, in the case the entity is composed of more than one natural person, it is sufficient, if the persons other than natural who compose the entity meet the above-mentioned requirements, that fifty percent (50 %) of the ownership rights or other rights held by those natural persons be held by one or many among them who meet the requirements of subparagraph a.1);

b) if the Borrower does not run a farming business but, as a goods and services business, provides among other things goods and services to people engaged in agriculture, he must meet the conditions that made him eligible for the loan during its entire term and more particularly, if applicable to him, meet those of paragraph a) of this section regarding his age, his citizenship, his domicile, its head office and its main place of business. He must also continue to be composed or held in a proportion of at least fifty percent (50 %) by persons engaged in agriculture and to whom the Borrower provides goods and services, so;

b.1) if it is a business corporation, at least fifty percent (50 %) of its issued shares comprising a single right to vote and of its issued shares of each category and each serie comprising more than a single right to vote must continue to be held by one or more natural persons, business corporations, cooperatives, general or limited partnerships who are engaged in agriculture and who meet, as the case may be, the requirements of subparagraphs a.1), a.2), a.3) or a.4);

b.2) if it is a cooperative, at least fifty percent (50 %) of its shares must continue to be held by one or more natural persons, business corporations, cooperatives, general or limited partnerships who are engaged in agriculture and who meet, as the case may be, the requirements of subparagraphs a.1), a.2), a.3) or a.4);

b.3) if it is a general or limited partnership, at least fifty percent (50 %) of its partners’ shares must continue to be held by one or more natural persons, business corporations, cooperatives, general or limited partnerships who are engaged in agriculture and who meet, as the case may be, the requirements of subparagraphs a.1), a.2), a.3) or a.4);

b.4) if it is an entity composed of more than one natural person, business corporation, cooperative, general or limited partnership or a combination of those ones, at least fifty percent (50 %) of the ownership rights or other rights in the goods and services business must continue to be owned by those among them who meet, as the case may be, the requirements of subparagraphs a.1), a.2), a.3) and a.4) regarding age, domicile, citizenship, permanent residence, main place of business and head office;

c) comply with every requirement of the Program and every condition specified in the certificate;

d) carry on the regular operations of his farming business;

e) obtain prior authorization from La Financière agricole to validate any taking charge of the line of credit;

f) where the Borrower is or is formed of a general or limited partnership, a business corporation or a cooperative, obtain prior authorization from La Financière agricole to validate any amendment to the agreement under which it was formed and any disposal of the shares of a partner, the issue, allotment, transfer, redemption or repayment of shares of the business corporation, or the issue, allotment, transfer or repayment of common shares of the cooperative;

g) if he is the holder of a sugar bush management permit issued by the ministère des Ressources naturelles;

- respect the clauses and conditions in the above-mentioned permit or any other permit issued for its replacement, also the Regulation respecting sugar bush management in forests in the domain of the State which has been adopted by virtue of the Sustainable Forest Development Act (chapter A-18.1, r. 2);

- obtain the previous authorization from La Financière agricole before requesting a change in name of the holder of the afore-mentioned permit or any other permit issued for its replacement;

- provide La Financière agricole with a copy as soon as it is granted of any permit issued in replacement of or that may follow after the afore-mentioned permit;

h) maintain the property securing the line of credit in good condition, use it properly, allow the Lender's employees or those of La Financière agricole to inspect and appraise the property, and reimburse the Lender or La Financière agricole, as the case may be, for any expenses incurred with respect to all maintenance and repair work carried out and any measures taken in accordance with the powers conferred on them by the Civil Code of Québec, the Act or a guaranty agreement;

i) notify the Lender and La Financière agricole as soon as civil, criminal, or penal proceedings are filed against him;

j) behave in an ethical and socially responsible manner at all times;

k) comply with all federal, provincial, and municipal laws and regulations, including, but not limited to, environmental, land protection, animal welfare, and labour and human rights laws and regulations, and specifically

* obtain, where necessary, any certificate of authorization, permit, or certification issued under these laws and regulations;
* take such steps as may be necessary to ensure that his business and the assets on which he has issued guarantees comply at all times with the various standards set out in these laws and regulations and provide the Lender and La Financière agricole, upon request, with any document that may be issued in this regard;
* where applicable, allow the Lender and La Financière agricole to inspect or cause to have inspected the Borrower’s business and the assets on which the Lender has issued guarantees in order to ensure compliance with the standards enacted under these laws and regulations, and, upon request, allow them access for this purpose;
* where applicable, notify the Lender and La Financière agricole forthwith after a judgment, notice, or order issued under such laws and regulations is served on the Borrower or is published against his assets and provide them with a copy of such judgment, notice, or order;
* where applicable, promptly take the necessary steps to remedy the defect alleged in the notice or order or, where applicable, to obtain the cancellation of their publication against his assets;
* take the necessary measures to ensure that the activities he performs are carried out in accordance with the various standards enacted by these laws and regulations;

- in all cases, pay the costs resulting from the obligations provided for in this paragraph. The Lender may also take the necessary measures, at the Borrower’s expense, to ensure that his assets comply with the standards enacted under these laws and regulations;

l) take out, maintain, renew and transfer to the Lender, where required, insurance against fire and other usually covered hazards and losses on the property securing the line of credit, failing which the Lender may have that property insured to his satisfaction and at the expense of the Borrower, and immediately notify the Lender of any loss;

m) obtain written authorization from La Financière agricole to validate any voluntary alienation or lease of all or part of the property securing the line of credit, except in the case of alienation of products from the Borrower's farming business carried out in the normal course of his operations;

n) remit to the Lender any sum of money collected at the time of or as a result of any alienation, expropriation or lease of property securing the line of credit, which sum shall be applied to the repayment of all or part of the sums advanced under the line of credit, unless La Financière agricole decides otherwise;

o) obtain prior authorization from La Financière agricole to validate any discharge of a surety securing the line of credit;

p) provide La Financière agricole and the Lender, at the Borrower's expense, with any information and documents deemed necessary.

11- **DEFAULT**

Time is of the essence and the Borrower shall be in default, without the requirement of formal notice or declaration of default, if:

a) he fails to perform one or more of the obligations resulting from this agreement;

b) he makes an assignment his property, is placed in bankruptcy, liquidates his assets, becomes insolvent or takes advantage of the Companies' Creditors Arrangement Act, (R.S.C., 1985, ch.C-36);

c) he fails to obtain the release of any seizure in execution of a judgment;

d) he made a false or inaccurate declaration in his loan application, or if facts likely to change the declared and accepted situation are discovered;

e) he does not use the amount of the line of credit for the purposes indicated in the certificate;

f) any intervening party, as the case may be, is in default respecting a specific commitment made under this agreement;

g) if a periodical review by the Lender or La Financière agricole gives clear indication that the Borrower is not in possession of any stock of farm supplies and products related to his farming business or of any substitute therefor, the short-term realizable value of which is sufficient with regard to the balance still owing on the line of credit, or if other circumstances compromise the continuity of his farming business, unless La Financière agricole decides otherwise.

12- **REMEDIES**

When the Borrower is in default, the Lender shall be entitled, without restricting his other rights and remedies, to:

a) stop any advance, cancel the line of credit, claim repayment in principal, interest, costs and accessories;

b) perform any obligation not respected by the Borrower in his place, at the Borrower's expense;

c) if he has a hypothec to secure the line of credit, exercice the hypothecary rights recognized by the Civil Code of Québec, after filing and serving a prior notice of the exercice of such rights and having respected the period specified in the notice for the surrender of the property, in accordance with articles 2748 and following of the said Code.

13- **SOLIDARITY AND INDIVISIBILITY**

The obligations of the Borrower shall be indivisible and may be claimed in full from each of his heirs, legatees and legal representatives, and from any surety, as the case may be, in accordance with article 2364 of the Civil Code of Québec.

If "Borrower" means more than one person, each of them shall be solidarily liable for the obligations stipulated in this agreement and in any renewal agreement, as the case may be.

14- **BORROWING EXPENSES**

The Borrower shall pay the costs incurred by this agreement, in particular the costs related to the setting-up of security and the completion of his file, and the cost of all documents required by the Lender and La Financière agricole under this agreement or the certificate.

15- **ELECTION OF DOMICILE**

The Borrower and the intervening parties, as the case may be, elect domicile at their addresses indicated herein. Should the Lender be unable to reach them at such addresses or ar the last address in the Province of Québec given to the Lender in writing, such parties elect domicile at the office of the Superior Court in the District of SAISIE.

16- **STATEMENT OF TRANSACTIONS**

The Lender shall send to the Borrower a statement of the transactions made, at intervals determined by the parties.

17- **INTERPRETATION**

Whenever the context so requires, any word written in the singular also includes the plural and vice versa, and the masculine form is taken to include the feminine.

The Borrower and the intervening parties, as the case may be, declare that they have read the certificate and this agreement, and that they understand the meaning thereof.

This agreement was drafted in English at the request of the parties.

Executed in two (2) copies, each copy signed by each of the parties at SAISIE, this SAISIE

(the Lender)

(the Borrower)