**LA FINANCIÈRE AGRICOLE DU QUÉBEC**

LOAN AGREEMENT

**BETWEEN**

SAISIE

hereinafter called the **"Lender"**,

**AND**

SAISIE

hereinafter called the **"Borrower"**,

Who have entered into the following agreement, namely:

1- **LOAN**

The Lender through this agreement grants to the Borrower, who accepts, as a SAISIE, a loan in the amount of SAISIE dollars ($ SAISIE) according to the Program for farm financing, hereinafter called the "Program", adopted under the Act respecting La Financière agricole du Québec (CQLR, chapter L‑0.1), hereinafter called the "Act".

The loan is divided up as follows:

- An amount of SAISIE dollars ($ SAISIE) hereinafter called "the first portion of the loan".

- An amount of SAISIE dollars ($ SAISIE) hereinafter called "the second portion of the loan".

- An amount of SAISIE dollars ($ SAISIE) hereinafter called "the third portion of the loan".

*INSERTION - FILE - PORTION*

2- **DISBURSEMENT**

The loan shall be disbursed for the purposes and according to the terms stipulated in the certificate authorizing the loan issued on SAISIE, hereinafter called the "certificate", and delivered by La Financière agricole du Québec, hereinafter called "La Financière agricole" to the Borrower. The latter declares having received a copy of the certificate, having read it and understood it. A copy of the certificate remains attached to this agreement after being signed by the parties for identification. The loan 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, if applicable, has been duly registered.

**Portion(s) of the loan bearing interest at a fixed rate or at prime rate without increase**

The Borrower may notify the Lender not to disburse all or part of a portion of a loan bearing interest,according to section 3, at a fixed rate or at prime rate without increase. The initial amount of the loan shall then be reduced accordingly, without any indemnity as specified in the last paragraph of section 7, and it shall correspond to the total of the moneys granted, which both Lender and Borrower specifically accept.

**Portion(s) of the loan bearing interest at prime rate increased by a half percent (1/2 %)**

**SAISIE portion of the loan:**

*Respecting the sequence within the loan certificate, indicate the number of the portion of the loan in the spaces allowed below for this information (ex.: third).*

The SAISIE portion of the loan shall be disbursed in full within fifteen (15) months of the date of the certificate, hereinafter called the "period of the SAISIE portion of the loan ".

*INSERTION - OTHER FILE - DISBURSEMENT OF PORTION OF LOAN (interim rate - according to the « Tableau des actes et clauses » apparaissant au guide d'utilisation des actes)*

Until the period of each portion of the loan bearing interest at prime rate increased by a half percent (1/2 %) has expired, the Borrower may however notify the Lender not to disburse all or part of portion of the loan bearing interest at prime rate increased by a half percent (1/2 %). The initial amount of the loan shall then be reduced accordingly, without any indemnity as specified in the last paragraph of section 7, and it shall correspond to the total of the moneys granted, which both Lender and Borrower specifically accept.

If the last day of the period of each portion of the loan bearing interest at prime rate increased by a half percent (1/2 %) falls on a Saturday, a Sunday or a holiday, the expiry date shall be the preceding working day.

3- **RATES OF INTEREST AND REPAYMENT**

*ADVANTAGE PLUS FIXED RATE (remove if not applicable)*

**First portion of the loan:**

**- INTEREST**: The first portion of the loan shall bear interest at an annual rate of SAISIE percent (SAISIE %), to be calculated monthly and not in advance from each disbursement, whatever the repayment schedule agreed upon below.

Any interest accumulated since the first disbursement of the loan must be paid according to the frequency of repayments agreed upon, on the seventh, fourteenth, thirtieth, ninetieth, one hundred and eightieth or three hundred and sixtieth (7th, 14th, 30th, 90th, 180th or 360th) day before the first payment in capital and interest.

**- REPAYMENT:** The Borrower shall undertake to repay to the Lender the loan with interest at the rate indicated above, in the following manner:

a) some payments SAISIE, equal and consecutive of SAISIE ($ SAISIE) each, including the interest at the rate indicated above and the amount allocated for principal repayment. The first payment shall be due on SAISIE (date or SAISIE on the fourteenth, thirtieth (14th, 30th) day or second, fourth, seventh or thirteenth (2nd, 4th, 7th, 13th) month following the date of the first disbursement. The other payments shall be due successively until the expiry of a term of SAISIE (SAISIE) year(s) from (date) SAISIE or the date of the first disbursement, the maturity date of the term on which, whatever the number and the frequency of repayments agreed upon, all amounts owed in capital, interest, costs and accessories shall be due and payable;

b) The above-mentioned repayment terms are based on an amortization period of SAISIE (SAISIE) years.

*ADVANTAGE PLUS VARIABLE RATE (remove if not applicable)*

**First portion of the loan:**

**- INTEREST**: The first portion of the loan shall bear interest at an annual rate of SAISIE percent (SAISIE %), to be calculated monthly and not in advance from each disbursement, whatever the repayment schedule agreed upon below. This rate corresponds to the prime rate as defined in section 2 of the Program as the Program existed at the date on which the certificate was issued. This rate shall be adjusted whenever the prime rate is changed in order to adjust to the new prime rate.

Any interest accumulated since the first disbursement of the loan must be paid according to the frequency of repayments agreed upon, on the seventh, fourteenth, thirtieth, ninetieth, one hundred and eightieth or three hundred and sixtieth (7th, 14th, 30th, 90th, 180th or 360th) day before the first payment in capital and interest

**- REPAYMENT**: The Borrower undertakes to repay to the Lender the loan with interest at the rate indicated above, in the following manner:

a) some payments SAISIE, equal and consecutive of SAISIE ($ SAISIE) each, applicable first on the interest of the first portion of the loan at the variable rate indicated above, the residual being applicable as repayment of the capital of the first portion of the loan. The first payment shall be due on SAISIE (date or SAISIE on the fourteenth, thirtieth (14th, 30th) day or second, fourth, seventh or thirteenth (2nd, 4th, 7th, 13th) month following the date of the first disbursement. The other payments shall be due successively until the expiry of a term of SAISIE (SAISIE) year(s) from (date) SAISIE or the date of the first disbursement, the maturity date of the term on which, whatever the number and the frequency of repayments agreed upon, all amounts owed in capital, interest, costs and accessories shall be due and payable.

If the amount of a payment is insufficient to pay the interests accumulated on the date of the payment of the first portion of the loan, the Lender shall notify the Borrower, who shall immediately pay the unpaid amount upon request by the Lender.

b) The above-mentioned repayment terms are based on an amortization period of SAISIE (SAISIE) years.

**SAISIE portion of the loan:**

**- INTEREST**: The SAISIE portion of the loan shall bear interest at an annual rate of SAISIE percent (SAISIE %), to be calculated monthly and not in advance from each disbursement, whatever the frequency of repayments agreed upon below. This rate corresponds to the prime rate as defined in section 2 of the Program as the Program existed at the date on which the certificate was issued, increased by a half percent (1/2 %) annually. This rate must be adjusted whenever the prime rate is changed in order to adjust to this new rate, increased by a half percent (1/2 %) annually.

*MONTHLY PAYMENT OF INTEREST (remove if not applicable)*

- **REPAYMENT:** The Borrower shall undertake to repay the interest at the rate indicated below monthly, the first payment of interest being due on the first day of the first month following the date of the first disbursement of SAISIE portion of the loan and the other payments successively until the first day of the SAISIE month following the date of the certificate, date on which all amounts owed in capital, interest, costs and accessories, on the second portion of the loan shall be due and payable.

Notwithstanding section 7 of this agreement, the Borrower may repay all or part of the SAISIE portion of the loan at any time before maturity without having to pay the indemnities provided for in section 7 of this agreement and Appendix 1 to which it refers.

*HALF-YEARLY PAYMENT OF INTEREST (remove if not applicable)*

- **REPAYMENT:** The Borrower shall undertake to repay the interest at the rate indicated below half-yearly, the first payment of interest being due on the first day of the sixth month following the date of the first disbursement of SAISIE portion of the loan and the other payments successively until the first day of the SAISIE month following the date of the certificate, date on which all amounts owed in capital, interest, costs and accessories, on the SAISIE portion of the loan shall be due and payable.

Notwithstanding section 7 of this agreement, the Borrower may repay all or part of the SAISIE portion of the loan at any time before maturity without having to pay the indemnities provided for in section 7 of this agreement and Appendix 1 to which it refers.

*INSERTION - OTHER FILE - REPAYMENT - PORTION OF THE LOAN (interim rate - according to the « Tableau des actes et clauses » apparaissant au guide d'utilisation des actes)*

4- **INTEREST ON ARREARS**

Any interest instalment unpaid on maturity shall yield interest, of right and without formal notice, at the same rate as applicable to the portion of the loan whose interest is unpaid on maturity, such interest being payable to the Lender on request.

5- **PARTIAL REPAYMENT**

If, after this agreement is signed, the Borrower assumes a loan granted under the "Act", under the Act respecting the Société de financement agricole (CQLR, chapter S‑11.0101) or under the Act respecting farm financing (CQLR, chapter F‑1.2) or under the Act to promote long term farm credit by private institutions (CQLR, chapter C‑75.1) or under the Act to promote forest credit by private institutions (CQLR, chapter C‑78.1) or under the Farm Credit Act (CQLR, chapter C‑75) or the Forestry Credit Act (CQLR, chapter C‑78) or under all program to promote forest credit made under the Forest Act (CQLR, chapter F‑4.1), he must, notwithstanding sections 1 and 3 of this agreement and subject to the limits imposed in section 10 of the Program, repay on the loan, if La Financière agricole requires it, any amount exceeding, for the total amount owed on these loans, fifteen millions dollars ($ 15 000 000).

6- **COMPENSATORY INTEREST**

The Borrower shall reimburse to the Lender on request any amount disbursed by the Lender for the recovery of his claim in principal, interest and accessories and its preservation and protection as well as the guarantees securing the loan. In addition, he shall reimburse on request any amount disbursed by the Lender to ensure the performance of any obligation of the Borrower, for the repair and upkeep of property securing the loan, and for the payment of insurance premiums, taxes, assessments or any other charge related to the loan. Such reimbursement shall be made with interest, at the lowest of the annual rates provided for above, from the time such disbursement is made by the Lender.

7- **REPAYMENT IN ADVANCE**

Although any term granted for the loan is as much for the benefit of the Borrower as for the Lender, the Borrower may repay all or part of the loan at any time before maturity by paying, where applicable, the indemnities provided for in Appendix 1 of this agreement. The said Appendix 1 remains attached to this agreement after being signed by the parties for identification, and its provisions make up an integral part of the agreement. However, in case of incompatibility between the provisions of Appendix 1 and those of this agreement, the last shall prevail.

Any advance repayment shall not reduce the subsequent instalments under this agreement which the Borrower shall continue to make in full upon maturity.

The lender shall not be entitled to any indemnity for any part of the loan not disbursed, in accordance with section 2 of this agreement.

8- **PLACE OF REPAYMENT**

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.

9- **COMMITMENTS OF THE BORROWER**

Until the loan has been repaid in full, the Borrower shall:

a) if he is engaged in agriculture, he must meet the conditions that made him eligible for the loan 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 main 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 single right to vote, must be held by one or more natural persons who are engaged in agriculture on the Borrower’s farm and who meet the requirements of subparagraph a.1), or by one or more business corporations, cooperatives, general or limited partnerships, who meet the requirements of this subparagraph or 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 farm and who meet the requirements of subparagraph a.1) or by one or more business corporations, 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 farm and who meet the requirements of subparagraph a.1) or by one or more business corporations, 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) if the Borrower is a natural person or a business corporation who obtains the loan, as a borrowing member, to acquire, as the case may be, either undivided ownership rights or other rights, shares of a business corporation, shares in a cooperative, shares in a general partnership or in a limited partnership, in the business in which he is engaged in agriculture, he must meet the conditions that made him eligible for the loan during its entire term and more particularly meet those of subparagraph a.1) regarding age, citizenship or residence and domicile or those of subparagraph a.2) regarding its domicile and main place of business. He must also continue to hold at least twenty percent (20 %) of the farming business’ interests into circulation;

d) comply with every requirement and condition listed in the certificate;

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

f) obtain prior authorization from La Financière agricole to validate any discharge, with or without consideration, of a surety securing the loan, to be granted subsequently by the Lender;

g) obtain prior authorization from La Financière agricole to validate any taking charge of the loan;

h) 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;

i) comply with all laws, regulations and by-laws pertaining to the protection of the environment, be they federal, provincial or municipal;

j) 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;

k) apply to pay all sums owing as arrears in interest on the loan for which such contribution is made the amount of any contribution or additional contribution for the payment of the interest provided by La Financière agricole under the Program for protection against a rise in interest rates and the Program of assistance for establishment, development and training adopted by virtue of the Act;

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

10- **DEFAULT**

The Borrower shall be in default if:

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

b) he fails to make any payment in capital or interest payable under the terms of the agreement upon maturity;

c) he transfers 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);

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

e) he does not use the amount of the loan 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.

Time is of the essence and the Borrower shall be in default without the requirement of formal notice and the lender shall be entitled, in such a case, without restricting his other rights and remedies, to:

1) claim immediate repayment of the full amount of the loan, in principal, interest, cost and accessories;

2) perform any obligation not respected by the Borrower in his place and stead, at the Borrower's expense.

11- **CANCELLATION OR REDUCTION OF THE LOAN**

Following any situation not caused by him, the Lender may cancel the loan or reduce its amount, as long as it has not been paid to the Borrower or on his behalf, and the Lender will not be liable for payment of fees and disbursements for the completion of the file on the Borrower's property, or for any release of the securities obtained.

12- **INDIVISIBILITY**

The Lender's claim shall be indivisible and may be claimed in full from each of the heirs, legatees and legal representatives of the Borrower, from any other subsequent acquiring party and from any surety, as the case may be.

13- **SOLIDARITY**

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.

14- **BORROWING EXPENSES**

The Borrower shall pay the costs incurred by this agreement, all the costs related to 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**

For the execution of this agreement, and especially to exercise the rights that are derived from it, the Lender elects domicile at his address indicated above, and the Borrower at the office of the Superior court in the district of SAISIE, in accordance with section 83 of the Civil Code of Québec.

16- **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.

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)