**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 Borrower acknowledges that he owes the Lender the sum of SAISIE dollars ($ SAISIE) for a loan made to him by the Lender according to the Forest Management Funding Program (hereinafter called the "Program"), adopted under the Sustainable Forest Development Act (chapter A-18.1) (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".

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.

**First portion of the loan:**

The Borrower may notify the Lender not to disburse all or part of the first portion of the loan. 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.

**Second portion of the loan:**

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

Until the period has expired, the Borrower may however notify the Lender not to disburse all or part of the loan. 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 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.

**Second portion of the loan:**

**- INTEREST**: The second 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, increased by a half percent (1/2 %) annually. This rate shall be adjusted whenever the prime rate is changed in order to adjust to this new rate, increased by a half percent (1/2 %) annually.

**- REPAYMENT**: The Borrower undertakes to repay the interest at the rate indicated above on the first day of each month, the first payment of interest being due on the first day of the first month following the date of the first disbursement of the second portion of the loan and the other payments successively until the maturity date provided below for the second portion of the loan.

Any amount of the second portion of the loan owed in capital, interest, costs and accessories, shall be due and payable at the first of the following dates:

- the day of the final disbursement of the second portion of the loan, or

- the last day of the period.

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 Program, under the Forest Management Funding Program made by Order in Council 384‑97 or under the Act to promote forest credit by private institutions (CQLR, chapter C‑78.1) or under the Forestry Credit Act (CQLR, chapter C‑78), he must, notwithstanding sections 1 and 3 of this agreement and subject to the limits imposed in section 9 of the Program, repay on the loan any amount exceeding, for the total amount owed on these loans, seven hundred fifty thousand dollars ($ 750 000), unless he has assumed the debt in the capacity of heir, legatee or the equivalent, in which cases the maximum amount, for the total amount owed on these loans, could reach fifteen millions dollars ($ 15 000 000) as mentioned hereinafter.

If, after this agreement is signed, the Borrower assumes a loan granted under the Programs or Acts mentioned in the upper-mentioned paragraph, or under the Act respecting La Financière agricole du Québec (CQLR, chapter L‑0.1) or 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 Farm Credit Act (CQLR, chapter C‑75), he must, notwithstanding sections 1 and 3 of this agreement, 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.

Notwithstanding the foregoing, the Lender shall not be entitled to any indemnity for any portion of the loan that has not been 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) meet the conditions that made him eligible for the loan during its entire term of the loan and more particularly:

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

a.2) if the borrower is a legal person, a general or limited partnership, it must have its head office and principal place of business in Canada;

a.3) if the Borrower is an entity composed of more than one natural person, legal person, general or limited partnership or of a combination of those ones, each of them must comply with the requirements applicable to them in accordance with subparagraphs a.1) and a.2);

b) not possess a wood processing plant operating permit whose authorized annual consumption is more than 2 000 cubic metres of rough timber for peeling, sawing or pulp and paper production, the Borrower expressly declaring to not possess such a permit;

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

d) carry on the regular operations of his business;

e) 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;

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

g) 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;

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

i) 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.

17- **APPLICABLE LAW**

This loan shall be governed by the laws of Quebec. Its administration and the interpretation of its terms, and any person party to this agreement are subject to the jurisdiction of Quebec.

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)