**ON THE** SAISIE of SAISIE, SAISIE

**BEFORE** Mtre SAISIE Notary at SAISIE Province of Québec,

**APPEARED:**

SAISIE (Notice of address no. SAISIE at the Registry Office of Registration Division SAISIE as declared by the creditor),

hereinafter called the **"Creditor"**,

**AND**

SAISIE

hereinafter called the **"Grantor"**,

Who have entered into the following declaration and agreement, namely:

1- **DECLARATION**

**LOAN WITHOUT RISK SHARING**, **without** constant and on-going hypothec clause, which hypothec **is not** destinated to secure the future needs to the borrower provided for in the **Global Investment Plan** (if not applicable, remove the subparagraphs **a)**, **b)** and **c)**).

a) The Grantor acknowledges that SAISIE, hereinafter called the "Debtor", owes the Creditor the sum of SAISIE dollars ($ SAISIE), for a loan, hereinafter called the "loan", made to him under the Sustainable Forest Development Act (chapter A-18.1), hereinafter called the "Act", as a result of the deed of loan, dated SAISIE received before Mtre SAISIE notary, bearing No. SAISIE of his minutes, La Financière agricole du Québec being hereinafter called "La Financière agricole";

The Grantor acknowledges to have read all clauses and conditions of the loan and to understand them;

b) The parties agree that the guarantees granted below shall remain collateral securities, constant and continuous. They shall have full effect until the entire loan has been repaid in capital, interest, costs and accessories;

c) To secure repayment of the loan, the Grantor offers the Creditor to grant him the following guarantees.

***LOAN******WITHOUT RISK SHARING****,* ***with*** *constant and on-going hypothec clause, which hypothec* ***is not*** *destinated to secure the future needs of the borrower provided for in the* ***Global Investment Plan*** *(if not applicable, remove the subparagraphs* ***a)****,* ***b)*** *and* ***c)****).*

a) The Grantor acknowledges that SAISIE, hereinafter called the "Debtor", owes the Creditor the sum of SAISIE dollars ($ SAISIE), for a loan made to him under the Sustainable Forest Development Act (chapter A-18.1), hereinafter called the "Act", as a result of the deed of loan dated SAISIE received before Mtre SAISIE notary, bearing No. SAISIE of his minutes, La Financière agricole du Québec being hereinafter called "La Financière agricole";

The Grantor acknowledges to have read all clauses and conditions of the loan and to understand them;

b) The parties agree that the guarantees granted below shall remain collateral securities, constant and continuous. They shall have full effect until the loan mentioned in the above subparagraph a) and every loan made to the Debtor according to the paragraph entitled "CONSTANT AND ON-GOING HYPOTHEC" hereinafter, have been fully repaid in capital, interest, costs and accessories, all these loans hereinafter called "THE LOAN";

c) To secure repayment of the loan, the Grantor offers the Creditor to grant him the following guarantees.

***LOAN******WITHOUT RISK SHARING****,* ***with*** *constant and on-going hypothec clause, which hypothec* ***is*** *destinated to secure the future needs of the Debtor provided for in the* ***Global Investment Plan*** *(if not applicable, remove the subparagraphs* ***a)****,* ***b)****,****c)*** *and* ***d).*** *The amount to write down in subparagraph* ***b)*** *below is equal to the difference between the amount required for the hypothec and the amount of the loan. (ex.: Hypothec of $ 150 000 - Loan of $ 100 000 = GIP of $ 50 000).*

a) The Grantor acknowledges that SAISIE, hereinafter called the "Debtor", owes the Creditor the sum of SAISIE dollars ($ SAISIE), for a loan made to him under the Sustainable Forest Development Act (chapter A-18.1), hereinafter called the "Act", as a result of the deed of loan, dated SAISIE received before Mtre SAISIE notary, bearing No. SAISIE of his minutes, La Financière agricole du Québec being hereinafter called "La Financière agricole";

The Grantor acknowledges to have read all clauses and conditions of the loan and to understand them;

**b)** Besides the possibility for the Debtor to borrow again following part or full repayment of the above loan, as provided for in the paragraph "CONSTANT AND ON-GOING HYPOTHEC" hereinafter, the parties also want to provide the possibility for the Debtor, without any prior repayment, to borrow from the Creditor additional sums under the Act which could reach a total amount of SAISIE dollars ($ SAISIE), loans which would be secured by this hypothec, without obligation in all cases for the Creditor to grant new loans and for the Debtor to contract them;

c) The parties agree that the guarantees granted below shall remain collateral securities, constant and continuous. They shall have full effect until the loan mentioned in the above subparagraph a) and those which should be made in accordance to the above subparagraph b) or in accordance to the paragraph entitled "CONSTANT AND ON-GOING HYPOTHEC" hereinafter, have been fully repaid in capital, interest, costs and accessories, all these loans hereinafter called "THE LOAN";

d) To secure repayment of the loan, the Grantor offers the Creditor to grant him the following guarantees.

***LOAN WITH RISK SHARING*** *using more than one loan which only one is granted by La Financière agricole* ***with*** *constant and on-going hypothec clause (if not applicable, remove the subparagraphs a), b) and c)).*

*N.B.: If, according to the loan certificate, the risk sharing must be done only with one loan partly granted by La Financière agricole, you must use the unit "****LOAN******WITHOUT RISK SHARING*** *which hypothec* ***is not*** *destinated to secure the future needs provided for in the* ***Global Investment Plan****"**above.*

a) The Grantor acknowledges that SAISIE, hereinafter called the "Debtor", owes the Creditor the total sum of SAISIE dollars ($ SAISIE), according to the following loans:

- loan made to him under the Sustainable Forest Development Act (chapter A-18.1), hereinafter called the "Act", as a result of the deed of loan, dated SAISIE, received before Mtre SAISIE, notary, bearing No. SAISIE of his minutes, La Financière agricole du Québec, hereinafter called "La Financière agricole";

- loan made to him as a result of the deed of loan dated SAISIE, received before Mtre SAISIE, notary, bearing No. SAISIE of his minutes;

The Grantor acknowledges to have read all clauses and conditions of the loan and to understand them;

b) The parties agree that the guarantees granted below shall remain collateral securities, constant and continuous. They shall have full effect until the loan and every loan made to the Debtor according to the paragraph entitled "CONSTANT AND ON-GOING HYPOTHEC" hereinafter, have been fully repaid in capital, interest, costs and accessories, all these loans hereinafter called "THE LOAN";

c) To secure repayment of the loan, the Grantor offers the Creditor to grant him the following guarantees.

***LOAN WITH RISK SHARING*** *using more than one loan which only one is granted by La Financière agricole* ***without*** *constant and on-going hypothec clause (if not applicable, remove the subparagraphs a), b) and c)).*

*N.B.: If, according to the loan certificate, the risk sharing must be done only with one loan partly granted by La Financière agricole, you must use the unit "****LOAN******WITHOUT RISK SHARING*** *which hypothec* ***is not*** *destinated to secure the future needs provided for in the* ***Global Investment Plan****"**above.*

a) The Grantor acknowledges that SAISIE, hereinafter called the "Debtor", owes the Creditor the total sum of SAISIE dollars ($ SAISIE), according to the following loans:

- loan made to him under the Sustainable Forest Development Act (chapter A-18.1), hereinafter called the "Act", as a result of the deed of loan, dated SAISIE, received before Mtre SAISIE, notary, bearing No. SAISIE of his minutes, La Financière agricole du Québec, hereinafter called "La Financière agricole";

- loan made to him as a result of the deed of loan dated SAISIE, received before Mtre SAISIE, notary, bearing No. SAISIE of his minutes;

The Grantor acknowledges to have read all clauses and conditions of the loan and to understand them;

b) The parties agree that the guarantees granted below shall remain collateral securities, constant and continuous. They shall have full effect until the entire loan has been repaid in capital, interest, costs and accessories, all these loans hereinafter called “THE LOAN”;

c) To secure repayment of the loan, the Grantor offers the Creditor to grant him the following guarantees.

2- **GUARANTEES**

To secure repayment of the loan in capital, interest, costs and accessories, as well as the execution of all the obligations entered into under this agreement and the loan agreement, the Grantor hypothecates up to the sum of SAISIE dollars ($ SAISIE), bearing interest at the annual rate of twenty-five percent (25 %), in favour of the Creditor, the following properties:

**DESIGNATION OF IMMOVABLE**

SAISIE

With all the buildings that are erected or that may be erected, and all that is incorporated, attached, joined or united by accession to this immovable and is considered as an immovable under the Civil Code of Québec and the Act respecting the implementation of the reform of the Civil Code (S.Q. 1992, chapter 57).

This hypothec also affects, as specified below, all the rents, current and future, resulting from the leasing of all or part of the above immovable, as well as the insurance benefits payable under any insurance policies covering these rents.

**HYPOTHEC IN CASE OF INDIVISION**

If the Grantor is only an undivided co-owner of all or part of the property securing the loan, the Grantor states to hypothecate not only the undivided part of the property but also any part of it that he acquires in the future from any partition, voluntary disposal or otherwise.

**ADDITIONAL HYPOTHEC**

To secure repayment of all sums payable to the Creditor under this agreement and under the loan agreement, such as insurance premiums and fees, expenses incurred for the preservation, protection and recovery of the claim, costs, disbursements or advances, as well as the interest on those amounts, interest accrued for more than three (3) years and during the current year, interest on the interest, the Grantor hypothecates up to an additional sum fixed at twenty percent (20 %) of the amount of the loan the property designated above for the special benefit of the Creditor.

3- **INSURANCE**

During the term of the loan, the Grantor undertakes to insure and keep constantly insured the property securing the loan against loss and damage by fire and other risks or hazards that may be covered, to the satisfaction of La Financière agricole and the benefit of the Creditor.

The Grantor undertakes to have the hypothecary clause in favour of the Creditor entered into these policies and to inform the insurer of the hypothecary rights of the latter. The Creditor will also be entitled to give notice of this hypothec, at the expense of the Grantor, to any insurance company concerned which has not been notified, using, if required, a copy or excerpt of this agreement for such purpose. The Grantor undertakes to transfer and hand over to the Creditor without delay all the insurance policies or certificates issued to such effect and the receipts attesting renewal fifteen (15) days prior to the expiry of each policy or certificate.

If the Grantor fails to fulfil these obligations, the Creditor, without restricting his other rights and remedies, shall, unless La Financière agricole decides otherwise, have the property insured to its satisfaction and claim immediate repayment of the premiums from the Grantor.

In the event of a loss, the Grantor shall report it immediately to the Creditor, and the Creditor shall receive an indemnity directly from the insurer, up to the amount owed to him; the indemnity shall be deposited with the Creditor who, with the authorization of La Financière agricole, may apply all or part of it to repay the loan, or pay the cost of replacing or repairing the property securing the loan; in the latter case, the property acquired shall be hypothecated in favour of the Creditor, and the Grantor shall undertake, as the case may be, to sign any deed required for that purpose; in both cases, the hypothecs or other rights in favour of the Creditor will not be reduced or affected in any manner by reason of receipt of the indemnity, other than by the execution of a notarized discharge evidencing the reduction of the loan.

The Grantor shall not undertake any repair or renovation work of the property unless La Financière agricole and the Creditor give prior approval of the work planned.

4- **HYPOTHECATION OF RENT**

To further secure repayment of the loan in capital, interests, costs and other charges, as well as the execution of all his obligations under this agreement and the loan agreement, the Grantor hereby hypothecates, up to the amount of the loan, all the rents, current and future, of all or part of the hypothecated immovable, as well as the insurance benefits payable under any insurance policy covering or which may cover these rents.

The Grantor agrees to remit to the Creditor and La Financière agricole, upon request, all the rents affecting all or part of the hypothecated immovable and any insurance policy covering these rents.

As long as the Debtor or the Grantor are not in default under this agreement or the loan agreement, the Creditor authorizes the Grantor to continue collecting the rent which is payable.

In the case where the Debtor or the Grantor are in default, the Creditor will be entitled, without restricting his other rights and remedies, to prevail himself of this hypothec by giving notice of it to the lessees and by notifying the Grantor and the lessees that he intends to collect the rents. The Creditor will be entitled to renew the leases or grant new ones in the name of the Grantor, under the terms and conditions he deems appropriate. The Creditor shall use the amount of such rents, with the approval of La Financière agricole and in the manner agreed upon with it, to pay the taxes or other charges owed in relation to the immovable, including administrative costs, to pay for repair costs or to reduce his claim in capital and interest, without any of his rights or hypothecs being reduced or affected in any way, except by the execution of a notarized discharge evidencing the reduction of the loan. The Grantor shall ratify in advance the administrative instruments of the Creditor and accept the statements submitted by the latter as equivalent to a statement of charge and discharge. The Creditor shall not be responsible for any loss or damage incurred due to his administration.

5- **COMMITMENTS OF THE GRANTOR**

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

a) ensure that the hypothecated property, above, is free at all times from any priority, hypothec or charge that may rank higher than the rights of the Creditor, except, as the case may be, those stated below, and remit to the Creditor and La Financière agricole, on request and at his own expense, any waiver, cession of rank, discharge or release that they may deem necessary to maintain the primacy of the rights of the Creditor over the hypothecated property;

b) ensure that the hypothecated property is not left vacant or abandoned, maintain it in good condition by making any necessary repairs and by operating or using it in a proper manner in order not to reduce the security of the Creditor, allow the Creditor's employees or those of La Financière agricole to inspect and appraise the property, and repay the Creditor or La Financière agricole, as the case may be, for the expenses incurred for all maintenance and repair work carried out by them and for all measures taken by virtue of the powers conferred on them under subsection 4 of the first paragraph of section 22 of the Act respecting La Financière agricole du Québec (R.S.Q., chapter L‑0.1), if the Grantor fails to do such work within thirty (30) days of the formal notice sent by registered or certified mail to his last address known to the Creditor or La Financière agricole;

c) where such is the case, pay without subrogation any taxes, assessments, apportionments, ground-rents or emphyteutic rents and other land taxes encumbering the hypothecated property, and hand over to the Creditor the receipts attesting payment thereof within fifteen (15) days of the due date;

d) obtain the prior authorization of La Financière agricole:

* for any servitude or other dismemberment of the right of ownership affecting the hypothecated property;
* for any establishment of superficies on all or part of the hypothecated property resulting from division of the object of the right of ownership of the ~~i~~mmovable, transfer of the right of accession or renunciation of the benefit of accession;
* for any voluntary disposal of all or part of the hypothecated property. At La Financière agricole’s request, the Grantor undertakes to require that the purchaser assume, in whole or in part, personally and solidarily with the Debtor and, if necessary, solidarily with any co-owner, the payment of the loan as well as the obligations of the original Debtor, without novation. The Grantor undertakes to provide to the Creditor, at his own expense, a copy bearing a registration certificate, if necessary, of any deed of transfer of the property. In the case of movable property where a description has not been filed in the register of personal and movable real rights, the Grantor undertakes to provide to the Creditor, at his own expense, a certified copy of a notice of preservation of hypothec under the purchaser's name and proof that it was sent to him, registered within the time prescribed under article 2700 of the Civil Code of Québec;

e) obtain prior authorization from La Financière agricole to validate the release, with or without consideration, of any security taken for the loan under this agreement, to be granted subsequently by the Creditor;

f) obtain prior authorization from La Financière agricole to validate any leasing of all or part of the hypothecated property, provide to the Creditor, at the Grantor's own expense, a copy bearing a registration certificate, if required, for any deed of lease of the property and any documents required by the Creditor, not give a discharge by anticipation of more than one (1) month's rent and not lease the hypothecated property or part of it for a rent significantly lower than its rental value;

g) refrain from removing outside of Québec, without the prior authorization of La Financière agricole, the hypothecated property, except, as the case may be, for the purpose of carrying on the regular operations of the Grantor and, in such a case, for a limited period of time;

h) remit to the Creditor any sum collected due to the disposal, expropriation or lease of the property securing the loan, which must be applied, in all or in part, to pay the taxes or other charges owed in relation to the immovable, to pay for repair costs or to reduce his claim in capital and interest, all for the purposes and in the manner determined by La Financière agricole, and without any reduction or modification of the Creditor's hypothec or other rights in any way whatsoever, save by the signature of an acquittance acknowledging a reduction in the amount of the loan;

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

- obtain, where necessary, any permit, licence or authorization certificate issued under these laws, regulations or by-laws;

- take all necessary measures to ensure that the immovable is at all times in conformity with those laws, regulations and by-laws, and provide the Creditor and La Financière agricole, upon request, with any certificate of conformity issued for such purpose;

- allow the Creditor and La Financière agricole to inspect or have the building inspected to ensure compliance of environmental standards and allow them access to the immovable for this purpose, upon request;

- notify the Creditor and La Financière agricole as soon as a notice or an order issued in accordance with such laws, regulations or by-laws is served on him or registered against the immovable and provide them with a copy of such notice or order;

- immediately take all the necessary measures to remedy the default specified in the notice or order or to obtain, as the case may be, the cancelling of the claim against the immovable;

- notify the Creditor and La Financière agricole as soon as civil or criminal proceedings are instituted against him because he did not fulfil his environmental obligations;

- take the necessary measures to ensure that his activities are in compliance with the various standards stipulated in those laws, regulations and by-laws;

- pay, in all cases, the costs resulting from the obligations set out in this paragraph. The Creditor may, also at the expense of the Grantor, take all necessary measures to ensure that the immovable complies with environmental standards;

j) provide the Creditor and La Financière agricole, at the Grantor's expense, with all the information and documents deemed necessary.

6- **DEFAULT**

In addition to the circumstances provided for in the loan, the Debtor shall also be in default:

a) each time the Grantor, his heirs, legatees and legal representatives do not comply with the obligations resulting from this agreement;

b) if the Grantor 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);

c) if there is a termination of the Grantor’s emphyteusis, extinction of his usufruct or superficiary ownership right other than by the union of the qualities of ownership and emphyteutic lessee, of bare owner and usufructuary owner, or of ground owner and superficiary owner in the person of the Grantor;

d) if the Grantor does not obtain the release of any legal hypothec of the construction encumbering the hypothecated immovable within ten (10) days of its registration, except if he is disputing its validity in good faith and provides the Creditor with any additional guarantee required by the later to protect his rights, in which case this requirement will be suspended pending a final ruling on the matter;

e) if the Grantor does not obtain the release from any seizure of the hypothecated property ordered by a court;

f) if the Grantor does not obtain the release of any prior notice for the exercise of hypothecary rights or other right encumbering the hypothecated property or does not remedy any default under the terms of any other hypothec or charge affecting the hypothecated property;

g) if the Grantor makes a false or inaccurate statement in this agreement, or if rights likely to change the declared and accepted situation are discovered.

Time is of the essence and the Debtor and the Grantor shall be in default without the requirement of formal notice. In such a case, the Creditor shall be entitled, without restricting his other rights and remedies, to:

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

2) perform any obligation not respected by the Grantor in his place and stead, at the latter's expense;

3) exercise the hypothecary rights recognized by the Civil Code of Québec, after filing and serving a prior notice of the exercise of such rights and having respected the period specified in the notice for the surrender of the property, in accordance with sections 2748 and following of the said Code.

7- **BORROWING COSTS**

The Debtor shall pay the costs and honorary fees incurred by this agreement, any publication, surveying, appraisal and inspection costs, including those related to any renewal, notice, hypothec, waiver, cession of rank, discharge or release related to the agreement. The Creditor shall be authorized to retain, from the amount of the loan, sufficient funds to cover these costs.

8- **REMITTANCE OF DOCUMENTS**

Until the loan is repaid, the titles of the property securing the loan and the insurance policies and certificates will remain in safe custody at the office of the Creditor, where the Grantor or his representatives may consult them during business hours.

9- **DECLARATIONS OF THE GRANTOR**

The Grantor declares that:

a) he has full ownership of the hypothecated property or owns it by emphyteutic lease and that it is not encumbered by any priority, hypothec or charge other than:

SAISIE

b) all taxes, assessments, apportionments established by any competent authority as well as all ground-rents or emphyteutic rents and other land taxes encumbering the hypothecated property have been paid without subrogation;

c) there are no construction, repair, renovation or structural work under way on the property at the moment, and that any such work on the property performed during the six (6) previous months has been completely paid;

d) he has full and unconditional ownership of all the permanent fixtures of the immovable, whether they are incorporated, attached or joined to the immovable such as heating, ventilation, refrigeration, cleaning or lighting appliances, and that they have been paid in full and are not encumbered by any hypothec;

e) his business is in conformity with the laws, regulations and by-laws respecting the protection of the environment, that no notice or order under these laws, regulations and by-laws has been served on him or has been registered against the immovables of his business, and that he is currently facing no proceedings or pending proceedings involving these laws, regulations and by-laws.

*CONSTANT AND ON-GOING HYPOTHEC CLAUSE (remove the entire paragraph if constant and on-going hypothec is not required)*

10- **CONSTANT AND ON-GOING HYPOTHEC**

Notwithstanding all contrary provisions, the parties and the intervenant agree that in spite of the expiration of the above loan and of its reimbursement, the Debtor may ask the Creditor to grant him a new loan under the Act. The Debtor may also ask for another loan within a shared risk loans agreement between La Financière agricole and the Creditor.

If La Financière agricole and the Creditor agree to it and to the payment of administrative fees required by them, as well as the registration fees for any renewal notice for the foreseen hypothecs in the current agreement, these hypothecs will assure the Creditor of the reimbursement of this or these new loans in capital, interest, costs and accessories, and all the clauses in the present agreement will continue to be applicable.

SAISIE- **ELECTION OF DOMICILE**

For the execution of this agreement and in particular for the exercise of the rights resulting from it, the Creditor elects domicile at the address indicated above and the Grantor at the office of the Superior Court for the district of SAISIE, the whole in conformity with section 83 of the Civil Code of Québec.

SAISIE- **RENUNCIATION**

The Grantor acknowledges to renounce the benefits of division and discussion and the exception of discussion.

SAISIE- **CIVIL STATUS AND MATRIMONIAL REGIME**

The Grantor states:

SAISIE

SAISIE- **INTERVENTION**

To these presents hereto came and intervened SAISIE, the Debtor, who acknowledges to have taken communication of and to understand all the clauses and conditions of the present agreement, in particular the clause "Default", and to consent to them for all legal purposes.

SAISIE- **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.

SAISIE- **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.

SAISIE - **APPLICABLE LAW**

This deed of the hypothecary security 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.

SAISIE