
**CANADIAN LENDERS ASSURANCE FACILITY
PARTICIPATION AGREEMENT**

Made as of _____, 2009,

Between

«NAME_OF_ISSUER»
(the “**Issuer**”)

and

HER MAJESTY THE QUEEN IN RIGHT OF CANADA
as represented by the Minister of Finance

(the “**Guarantor**”)

TABLE OF CONTENTS

RECITALS	1
ARTICLE 1 – INTERPRETATION.....	1
Section 1.1 Definitions.....	1
Section 1.2 Currency.....	5
Section 1.3 Rules of Interpretation	5
ARTICLE 2 – ELIGIBLE INSTRUMENTS.....	5
Section 2.1 Eligibility for Guarantee	5
Section 2.2 Eligibility Criteria	5
Section 2.3 Administrative Discretion	7
ARTICLE 3 – PARTICIPATION LIMIT	7
Section 3.1 Application of Participation Limit.....	7
Section 3.2 Requested Participation Limit.....	8
Section 3.3 Auditor’s Report Verifying Participation Limit	8
Section 3.4 Determination of Participation Limit.....	8
Section 3.5 Adjustment to Participation Limit	8
ARTICLE 4 – GUARANTEE CERTIFICATES	9
Section 4.1 Application for Guarantee Certificates	9
Section 4.2 Foreign Currency Adjustment.....	10
Section 4.3 Conditions Precedent and Supporting Materials.....	10
Section 4.4 Issuance and Expiry of Guarantee Certificates.....	11
Section 4.5 Amendments to Guaranteed Instrument	12
ARTICLE 5 – GUARANTEE FEE	13
Section 5.1 Payment of Guarantee Fee	13
Section 5.2 Calculation of Guarantee Fee Amount	13
ARTICLE 6 – INDEMNIFICATION OF GUARANTOR	14
Section 6.1 Indemnity Agreement	14
Section 6.2 Subrogation and Indemnity.....	14
ARTICLE 7 – TERM AND TERMINATION	14
Section 7.1 Term.....	14
Section 7.2 Termination Events.....	15
Section 7.3 Consequences of Termination Event	17
ARTICLE 8 – ADMINISTRATION AND REPORTING.....	17
Section 8.1 Bank of Canada as Administrative Agent for Guarantor.....	17
Section 8.2 Release of Information.....	17
Section 8.3 Register of Guaranteed Instruments.....	18
Section 8.4 Reporting Obligations of Issuer	18
ARTICLE 9 – REPRESENTATIONS AND WARRANTIES OF THE ISSUER.....	18
Section 9.1 Representations and Warranties.....	18
Section 9.2 Deemed Repetition.....	19
ARTICLE 10 – GENERAL PROVISIONS	20
Section 10.1 Applicable Law	20

Section 10.2 Jurisdiction.....	20
Section 10.3 Severability	20
Section 10.4 Amendments and Waivers	20
Section 10.5 Limitation of Waivers	20
Section 10.6 Successors and Assignees	20
Section 10.7 Notice	21
Section 10.8 House of Commons Clause.....	22
Section 10.9 Choice of Language	22
Schedule 1.1(16) – Guarantee	
Schedule 1.1(17) – Form of Guarantee Certificate	
Schedule 1.1(23) – Form of Indemnity Agreement	
Schedule 1.1(27) – Maximum Participation Limit Worksheet	
Schedule 3.3 – Form of Auditor’s Report	
Schedule 4.1(2) – Form of Guarantee Certificate Application	
Schedule 4.3(2)(c) – Form of Certificate of Eligibility	
Schedule 4.4(6) – Form of Confirmation of Issuance	

CANADIAN LENDERS ASSURANCE FACILITY PARTICIPATION AGREEMENT

THIS AGREEMENT is made as of _____, 2009, between «NAME_OF_ISSUER» (the “**Issuer**”) and HER MAJESTY THE QUEEN IN RIGHT OF CANADA (the “**Guarantor**”), as represented by the Minister of Finance.

RECITALS

A. The Canadian Lenders Assurance Facility (the “**Facility**”) is a component of Canada’s implementation of the G7 Plan of Action to stabilize financial markets, restore the flow of credit and support global economic growth. The purpose of the Facility is to ensure that Canadian financial institutions are not put at a competitive disadvantage when raising funds in wholesale markets.

B. The eligibility criteria for institutions wishing to participate in the Facility, and other terms of the Facility, are set out in the Term Sheet.

C. The Issuer is an “**Eligible Institution**” as defined in the Term Sheet for the purposes of the Facility.

D. The Issuer has made an application to the Minister to participate in the Facility and the Minister has accepted the application.

E. Under the Facility, the Issuer may from time to time request the Guarantor to guarantee a specific instrument in accordance with and subject to the terms and conditions contained in this Agreement, and upon issuance of a Guarantee Certificate (as hereinafter defined), the instrument will be guaranteed by the Guarantor under the Guarantee.

NOW THEREFORE, for good and valuable consideration, the Issuer and the Guarantor hereby agree as follows:

ARTICLE 1 – INTERPRETATION

In this Agreement, including the Recitals, the following terms have the following meanings:

Section 1.1 Definitions

- (1) “**Administrative Agent**” means the Bank of Canada in its capacity as administrative agent of the Facility as contemplated by Section 8.1.
- (2) “**Aggregate Face Amount**” means, with respect to the issue of a specific instrument on a particular date, the total of the Face Amounts of all such instruments issued on such date.
- (3) “**Applicable FI Legislation**” means:

- (a) the *Bank Act* (Canada), if the Issuer is a chartered bank;
 - (b) the *Trust and Loan Companies Act* (Canada), if the Issuer is a loan or trust company;
 - (c) the *Cooperative Credit Associations Act* (Canada), if the Issuer is a cooperative credit association; or
 - (d) the applicable provincial governing legislation if the Issuer is a Provincial Institution.
- (4) **“Applicable Law”** in respect of any Person, property, transaction or event, means all present and future laws, statutes, regulations, treaties, judgments and decrees applicable to that Person, property, transaction or event and, whether or not having the force of law, all applicable requirements, requests, official directives, rules, consents, approvals, authorizations, guidelines, orders and policies of any governmental authority having or purporting to have authority over that Person, property, transaction or event, and includes the Applicable FI Legislation.
- (5) **“Applicable Regulatory Authority”** means:
- (a) OSFI, in the case of a federally regulated bank, loan or trust company or cooperative credit association; and
 - (b) the applicable provincial regulatory authority, in the case of a Provincial Institution.
- (6) **“Approved Rating Agency”** means any of Standard & Poor’s, a division of The McGraw Hill Companies, Inc.; Moody’s Investors Service, Inc.; Fitch Ratings Ltd.; or DBRS Limited and their respective successors.
- (7) **“Auditor’s Report”** has the meaning given to it in Section 3.3.
- (8) **“Business Day”** means any day except Saturday or Sunday on which the Bank of Canada is open for business in Ottawa, Canada.
- (9) **“Canadian Dollar Equivalent Amount”** means, on any day, in relation to an amount denominated in a currency other than Canadian Dollars (the **“Other Currency”**), the amount of Canadian Dollars that could be sold in exchange for that amount denominated in the Other Currency using the Bank of Canada noon exchange rate prevailing on that day.
- (10) **“Canadian Dollars”** and **“Cdn\$”** means the lawful currency of Canada.
- (11) **“Due Date”** has the meaning given to it in the Guarantee.
- (12) **“Eligible Instrument”** means an instrument that satisfies all the eligibility criteria set out in Section 2.2.
- (13) **“Euros”** means the official currency of the European Union.

- (14) **“Face Amount”** of an instrument means:
- (a) if the instrument is issued on an interest-bearing basis, the stated principal amount of such instrument; and
 - (b) if the instrument is issued on a discount basis, the stated face amount or par value of such instrument payable at maturity.
- (15) **“Facility”** has the meaning given to in paragraph A of the Recitals.
- (16) **“Guarantee”** means the Canadian Lenders Assurance Facility Guarantee given as of February 25, 2009 by Her Majesty the Queen in Right of Canada, as represented by the Minister, a copy of which is attached hereto as Schedule 1.1(16), as the same may be amended at any time or from time to time in accordance with its terms.
- (17) **“Guarantee Certificate”** means a certificate in the form attached as Schedule 1.1(17), issued by the Minister to the Issuer certifying that the instrument referenced therein is a Guaranteed Instrument.
- (18) **“Guarantee Certificate Application”** has the meaning given to it in Section 4.1(1).
- (19) **“Guarantee Fee”** has the meaning given to it in Section 5.1(1).
- (20) **“Guaranteed Amount”** of a Guaranteed Instrument means the maximum Aggregate Face Amount of the Guaranteed Instrument designated in the related Guarantee Certificate.
- (21) **“Guaranteed Instrument”** means any specific instrument of the Issuer in respect of which a Guarantee Certificate has been issued and has not expired.
- (22) **“Guaranteed Obligations”** has the meaning given to it in the Guarantee.
- (23) **“Indemnity Agreement”** means an indemnity agreement in favour of the Guarantor given by the Issuer substantially in the form of Schedule 1.1(23).
- (24) **“ISIN”** means the International Security Identifying Number, an international code number used as a unique identifier for securities.
- (25) **“Issue Date”** of an instrument means the date on which the instrument was originally issued.
- (26) **“Maximum Participation Limit”** of the Issuer means the maximum Aggregate Face Amount of Eligible Instruments for which Guarantee Certificates may be issued in respect of the Issuer under the Facility, determined in accordance with the Term Sheet and the Maximum Participation Limit Worksheet annexed to the Participation Application.
- (27) **“Maximum Participation Limit Worksheet”** means the worksheet of such name annexed to the Participation Application in the form attached hereto for reference as Schedule 1.1(27).

- (28) **“Minister”** means the Minister of Finance Canada.
- (29) **“OSFI”** means the Office of the Superintendent of Financial Institutions.
- (30) **“Outstanding”** means, in respect of any Guaranteed Instrument at any time, that the Guaranteed Instrument has been issued and is still outstanding at such time and that the time period during which claims may be made under the Guarantee in respect of the Guaranteed Instrument has not yet expired.
- (31) **“Participation Application”** means the application submitted by the Issuer to the Minister in the form required by the Minister requesting that the Issuer be considered for participation in the Facility.
- (32) **“Participation Limit”** has the meaning given to it in Section 3.4.
- (33) **“Person”** means any natural person, sole proprietorship, partnership, corporation, trust, joint venture, governmental authority, incorporated or unincorporated entity, or incorporated or unincorporated association of any nature.
- (34) **“Provincial Institution”** means a body corporate organized on co-operative principles under an act of the legislature of a province, one of whose principal purposes is to provide liquidity support to local co-operative credit societies.
- (35) **“Proposed Guaranteed Instrument”** has the meaning given to it in Section 4.1(3)(a).
- (36) **“Requested Participation Limit”** has the meaning given to it in Section 3.2.
- (37) **“Required Rating”** means, in respect of an Eligible Institution:
- (a) an Intrinsic Assessment equivalent for the Eligible Institution of A low, in the case of DBRS Limited;
 - (b) a Bank Financial Strength Rating for the Eligible Institution of A3, in the case of Moody’s Investors Service, Inc.;
 - (c) a rating of A-, for the senior unsecured medium-term debt of the Eligible Institution, in the case of Standard & Poor’s; and
 - (d) a rating of A-, for the senior unsecured medium-term debt of the Eligible Institution, in the case of Fitch Ratings Ltd.
- (38) **“Sterling”** means lawful money of Great Britain.
- (39) **“Superintendent”** means the Superintendent of Financial Institutions appointed pursuant to subsection 5(1) of the *Office of the Superintendent of Financial Institutions Act* (Canada).
- (40) **“Term Sheet”** means the document entitled “Terms of Canadian Lenders Assurance Facility”, which sets out the terms and conditions of the Facility, including the manner in which

the Maximum Participation Limit is calculated, eligibility requirements and procedures for applying for participation in the Facility, a copy of which is available on-line on the Department of Finance website at www.fin.gc.ca.

- (41) **“Termination Date”** has the meaning given to it in Section 7.1.
- (42) **“US Dollars”** means lawful money of the United States of America.
- (43) **“Yen”** means lawful money of Japan.

Section 1.2 Currency

Except as otherwise provided, all monetary amounts in this Agreement are expressed in Canadian Dollars.

Section 1.3 Rules of Interpretation

In this Agreement:

- (a) words importing the singular include the plural and vice versa and words importing gender include the masculine, feminine and neutral genders;
- (b) the terms “in writing” and “written” include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including telexes, telegraphs, telecopies or electronic mail;
- (c) “including” means “including, without limitation,” and the various forms of the verb “include” have similar meanings; and
- (d) the division of this Agreement into articles and sections and the insertion of headings are for reference only and are not to affect the construction or interpretation of this Agreement.

ARTICLE 2 – ELIGIBLE INSTRUMENTS

Section 2.1 Eligibility for Guarantee

Only Eligible Instruments are eligible to become Guaranteed Instruments.

Section 2.2 Eligibility Criteria

- (1) Subject to Section 2.2(2), an **“Eligible Instrument”** is a marketable investment security evidencing a debt obligation of the Issuer issued on or after the date hereof:
 - (a) which is in the form of:
 - (i) commercial paper;

- (ii) bearer notes;
 - (iii) senior unsecured bonds, notes, debentures or similar evidences of indebtedness; or
 - (iv) such other unsecured marketable debt instruments as may be approved by the Guarantor from time to time in its sole discretion upon application by the Issuer;
- (b) which has a term to maturity from the date of issue that is no less than three (3) months;
- (c) which is denominated in Canadian Dollars, US Dollars, Euros, Sterling or Yen;
- (d) which, if denominated in Canadian Dollars, has an issue size in an Aggregate Face Amount that is no less than:
 - (i) \$10,000,000, if the Issuer's Maximum Participation Limit is \$10,000,000,000 or more;
 - (ii) \$5,000,000, if the Issuer's Maximum Participation Limit is less than \$10,000,000,000 but equal to or greater than \$5,000,000,000; and
 - (iii) \$1,000,000, if the Issuer's Maximum Participation Limit is less than \$5,000,000,000;
- (e) which, if denominated in a currency other than Canadian Dollars, has an issue size in an Aggregate Face Amount in such other currency that is no less than a Canadian Dollar Equivalent Amount of \$10,000,000 as of the Business Day immediately preceding the date of the applicable Guarantee Certificate Application;
- (f) which is identified by an ISIN;
- (g) which requires payment by the Issuer of a fixed and specific principal amount at maturity or in instalments;
- (h) which is issued on an interest-bearing or discount basis and the interest or discount rate is either fixed or based on a reference rate announced from time to time by the Issuer, another federally regulated financial institution in Canada or a Provincial Institution or displayed through a publicly available pricing service such as Reuters or Bloomberg;
- (i) which is on market terms comparable to the terms of marketable investment securities of similar tenor, amount and credit rating issued in the same or similar market on or about its Issue Date;

- (j) which is not callable at the option of the holder except in the event of default and acceleration;
- (k) which is not redeemable or prepayable at the option of the Issuer, unless approved by the Administrative Agent in its sole discretion;
- (l) which does not contain an event of default that occurs through cross-default or cross-acceleration of any other obligation;
- (m) which is not extendible at the option of the Issuer;
- (n) which does not incorporate terms that in the opinion of the Administrative Agent are unusual or unduly complex, including for example, terms that:
 - (i) determine the amounts of principal, interest, discount and/or yield payable under the instrument by reference to the performance of underlying portfolios of actual or notional financial assets or by reference to an index, commodity price, share price, exchange rate, or other index or reference point that varies in accordance with the performance, market value or price of one or more underlying assets; or
 - (ii) offer “synthetic” exposure to portfolios of underlying assets through credit default swaps, total return swaps or other derivatives contracts.

(2) In addition to debt instruments satisfying the criteria set out in Section 2.2(1) above, Eligible Instruments also include bankers’ acceptances accepted by the Issuer that satisfy the criteria set out in paragraphs (b), (f) and (i) of Section 2.2(1) above where the accepted obligation has been issued by an affiliate of the Issuer within the meaning of the Applicable FI Legislation and satisfies the criteria set out in paragraphs (c) and (d) of Section 2.2(1) above.

Section 2.3 Administrative Discretion

The Administrative Agent may determine, in its sole discretion, whether a Proposed Guaranteed Instrument satisfies the requirements of paragraphs (h), (i) or (n) of Section 2.2(1) above.

ARTICLE 3 – PARTICIPATION LIMIT

Section 3.1 Application of Participation Limit

The aggregate Guaranteed Amount of all Guaranteed Instruments Outstanding at any time, adjusted if necessary in accordance with Section 4.2, may not exceed the Participation Limit at such time determined in accordance with this Article 3.

Section 3.2 Requested Participation Limit

The parties acknowledge that in its Participation Application, the Issuer requested that the Guarantor guarantee Eligible Instruments under the Guarantee in a maximum Aggregate Face Amount outstanding from time to time of Cdn\$«Requested_Participation_Limit» (the “**Requested Participation Limit**”) and the Issuer has certified in such Participation Application that the Requested Participation Limit does not exceed the Maximum Participation Limit for the Issuer.

Section 3.3 Auditor’s Report Verifying Participation Limit

No later than thirty (30) days after the date of the Participation Application, the Issuer shall submit to the Minister a review engagement report substantially in the form of Schedule 3.3 or such other form as may be approved by the Minister signed by the Issuer’s external auditor (the “**Auditor**”) stating that the Auditor has reviewed the Issuer’s calculation of the Maximum Participation Limit in the Participation Application and that based on this review, nothing has come to the Auditor’s attention that causes the Auditor to believe that the Issuer has not calculated the Maximum Participation Limit, based the maturing wholesale debt calculation or the Canadian deposits calculation, as applicable, in accordance with the calculations required in the Maximum Participation Limit Worksheet (the “**Auditor’s Report**”).

Section 3.4 Determination of Participation Limit

- (1) Until the Auditor’s Report has been received by the Minister, the “**Participation Limit**” of the Issuer will be an amount up to 50% of the Requested Participation Limit, as notified to the Issuer by the Minister at the time the Participation Application was approved.
- (2) Upon receipt by the Minister of the Auditor’s Report:
 - (a) if the letter confirms that the Requested Participation Limit does not exceed the Maximum Participation Limit for the Issuer as calculated by the Auditor, then the “**Participation Limit**” will be the Requested Participation Limit; or
 - (b) if the Auditor’s Report states that the Requested Participation Limit exceeds the Maximum Participation Limit as calculated by the Auditor, then the “**Participation Limit**” will be the Maximum Participation Limit as so calculated.
- (3) If the Auditor’s Report has not been received by the Minister within thirty (30) days after the date of the Participation Application, then, unless the Minister consents in writing to an extension, this Agreement will terminate, but without prejudice to any Guarantee Certificates that have been issued during the thirty (30) day period.

Section 3.5 Adjustment to Participation Limit

- (1) In the event that:

- (a) the calculation of the Maximum Participation Limit of the Issuer was originally based on audited financial information relating to a fiscal quarter of the Issuer that ended prior to October 31, 2008;
- (b) more recent audited financial information relating to a fiscal quarter of the Issuer ended no later than October 31, 2008 subsequently becomes available to the Issuer at any time before the Termination Date; and
- (c) the use of such more recent information would yield a Maximum Participation Limit higher than the Participation Limit of the Issuer determined in accordance with Section 3.4 (the “**Original Participation Limit**”);

then the Issuer may, but is not required to, request to have the Original Participation Limit adjusted to reflect the more recent information by submitting an amended Participation Application to the Minister based on such more recent information, and Sections 3.1, 3.2 and 3.3 shall apply to such amended Participation Application, *mutatis mutandis*.

(2) Until a new Auditor’s Report verifying the determination of the Maximum Participation Limit is received by the Minister, the Original Participation Limit shall continue to apply. After the new Auditor’s Report is received by the Minister, the Participation Limit as confirmed by the Auditor shall thereafter be the Participation Limit, whether higher or lower than the Original Participation Limit.

ARTICLE 4 – GUARANTEE CERTIFICATES

Section 4.1 Application for Guarantee Certificates

- (1) Provided that no Termination Event has occurred and is then continuing, prior to the Termination Date the Issuer may make application to the Administrative Agent (each, a “**Guarantee Certificate Application**”) in accordance with the procedures set out in this Article 4 for Guarantee Certificates confirming that the Eligible Instrument specified in such Guarantee Certificate Application is a Guaranteed Instrument.
- (2) All Guarantee Certificate Applications must be made using the Application for Guarantee Certificate Application Form 2464-11-08, provided on the Bank of Canada website and attached hereto as Schedule 4.1(2) and must be submitted to the Administrative Agent on a Business Day in accordance with the instructions set out on such Form 2464-11-08. Guarantee Certificate Applications not in this form or not accompanied by all the supporting materials set out in Section 4.3(2) may be rejected in the discretion of the Administrative Agent.
- (3) A request for a Guarantee Certificate in a Guarantee Certificate Application shall be rejected if either:
 - (a) the instrument in respect of which a Guarantee Certificate is being applied for (the “**Proposed Guaranteed Instrument**”) is not an Eligible Instrument; or

- (b) the Aggregate Face Amount of the Proposed Guaranteed Instrument (adjusted if necessary in accordance with Section 4.2) is greater than the amount by which the Participation Limit exceeds the aggregate Guaranteed Amounts of all Guaranteed Instruments (adjusted if necessary in accordance with Section 4.2) Outstanding on the date of the Guarantee Certificate Application.
- (4) No more than one Guarantee Certificate may be requested in each Guarantee Certificate Application and no more than three Guarantee Certificate Applications may be submitted per Business Day.
- (5) Upon payment in full of the Guaranteed Obligations under a Guaranteed Instrument, whether at maturity or otherwise, the related Guarantee Certificate will be cancelled. If the Issuer wishes to issue another tranche of the same Eligible Instrument in respect of which a Guarantee Certificate was previously issued, even if identified by the same ISIN, a new Guarantee Certificate Application must be submitted in respect of such new tranche.

Section 4.2 Foreign Currency Adjustment

The parties acknowledge that the Participation Limit is expressed in Canadian Dollars. For the purposes of determining whether the Participation Limit would be exceeded by the issuance of a Guarantee Certificate requested under a Guarantee Certificate Application, the value of the Guaranteed Amount of any Guaranteed Instrument denominated in a currency other than Canadian Dollars or of the Face Amount of a Proposed Guaranteed Instrument denominated in a currency other than Canadian Dollars shall be deemed to be the product of the Canadian Dollar Equivalent Amount of such Guaranteed Amount or Face Amount (determined as of the Business Day immediately preceding the date of the Guarantee Certificate Application) multiplied by 125%.

Section 4.3 Conditions Precedent and Supporting Materials

- (1) It is a condition precedent to the issuance of any Guarantee Certificate that the Minister shall have received on, or before the date of the first Guarantee Certificate Application made hereunder:
 - (a) a favourable legal opinion in form and substance satisfactory to the Minister from the Issuer's external legal counsel stating that this Agreement and the Indemnity Agreement are legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, subject only to customary qualifications and assumptions; and
 - (b) an executed Indemnity Agreement.
- (2) Each Guarantee Certificate Application must be accompanied by the following supporting materials:
 - (a) a copy of any prospectus, information statement, information memorandum or other disclosure document describing the Proposed Guaranteed Instrument;

- (b) a copy of a specimen of the certificate evidencing the Proposed Guaranteed Instrument;
- (c) a certificate of the treasurer or chief financial officer of the Issuer stating that the Proposed Guaranteed Instrument is an Eligible Instrument and that after the Guarantee Certificate is issued, the aggregate Guaranteed Amount of the Issuer will not exceed the Participation Limit substantially in the form attached as Schedule 4.3(2)(c); and
- (d) a favourable legal opinion in form and substance satisfactory to the Administrative Agent from the Issuer's external legal counsel stating that the Proposed Guaranteed Instrument will, when issued, be a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to customary qualifications and assumptions; and if the Proposed Guaranteed Instrument is issued under a program, the legal opinion may take the form of the most recent legal opinion delivered to the underwriters, indenture trustee or rating agency in connection with a previous issue together with a letter from counsel stating that the Administrative Agent is entitled to rely on such opinion; and
- (e) if the Guarantee Application is in respect of a Proposed Guaranteed Instrument that the Issuer intends to issue for sale or other distribution in one or more jurisdictions outside Canada, such other legal opinions as may be required in connection with such sale or distribution in accordance with applicable securities law or commercial custom and practice in the relevant capital market.

Section 4.4 Issuance and Expiry of Guarantee Certificates

(1) Subject to Section 4.4(2), the Administrative Agent will use its reasonable efforts to review and process Guarantee Applications received on a Business Day by 10:00 a.m., Ottawa time, by the close of business on the next Business Day and to review and process Guarantee Applications received on a Business Day after 10:00 a.m., Ottawa time, by the close of business on the Business Day following the next Business Day. However, the Guarantor, the Minister or the Administrative Agent shall incur no liability for a failure to process a Guarantee Certificate Application within this time frame.

(2) If a Guarantee Application is in respect of a Proposed Guaranteed Instrument that the Issuer intends to issue for sale or other distribution in one or more jurisdictions outside Canada, the Issuer shall disclose such intention in the letter accompanying the Guarantee Certificate Application and identify the relevant foreign jurisdictions. The Administrative Agent will use its reasonable efforts to review and process such Guarantee Applications within a reasonable time, having regard to such additional requirements as may be imposed by the securities or other law of the proposed foreign jurisdictions and provided that the Issuer uses commercially reasonable efforts to provide to the Administrative Agent or foreign governmental authorities such documentation and information as may be required to comply with applicable local securities or other law in respect of the Guarantee or the Guaranteed Instrument. In any event, the Guarantor, the Minister or the Administrative Agent shall incur no liability for a failure to process such a Guarantee Certificate Application within any particular time frame.

- (3) If the Administrative Agent decides to reject a Guarantee Certificate Application, he will forthwith send notice of such decision to the Issuer, stating his reasons for the rejection. Any such decision shall be final and binding on the Issuer with no right of appeal.
- (4) Upon approval of a Guarantee Certificate Application by the Administrative Agent, the Administrative Agent shall execute and deliver the requested Guarantee Certificate to the Issuer, and upon such execution and delivery the Eligible Instrument referred to therein becomes a Guaranteed Instrument.
- (5) The Issuer shall give prior notice in writing to the Administrative Agent of the expected closing date of the issuance of the Guaranteed Instrument referenced in a Guarantee Certificate as soon as such date has been determined with reasonable certainty and of the actual closing date no later than one (1) Business Day thereafter.
- (6) On the Issue Date of a Guaranteed Instrument, the Issuer shall deliver to the Administrative Agent a certificate signed by an officer of the Issuer in the form attached as Schedule 4.4(6) (the “**Confirmation of Issuance**”) certifying that the terms and conditions of the Guaranteed Instrument so issued are the same in all material respects as those of the Proposed Guaranteed Instrument in respect of which the Guarantee Certificate was issued and confirming the ISIN, issue amount, maturity date and other particulars set out in the Confirmation of Issuance.
- (7) On and after the Issue Date of a Guaranteed Instrument, the Issuer shall make copies of the related Guarantee Certificate available in electronic form on its website at no charge and, on request, in physical form by mail, for which it may charge a nominal handling fee. On the same page of the Issuer’s website that displays the link to the Guarantee Certificate, the Issuer shall also provide a link to an executed copy of the Guarantee.
- (8) If the Guaranteed Instrument referenced in a Guarantee Certificate has not been issued within thirty (30) days of the date of the Guarantee Certificate, the Guarantee Certificate will be revoked and of no further force or effect on the expiry of such thirty (30) day period unless the Administrative Agent has agreed in writing to an extension upon application of the Issuer to the Administrative Agent in writing at least five (5) Business Days prior to such expiry.
- (9) If the Guarantee Certificate has been issued in respect of a Guaranteed Instrument sold or distributed or offered for sale or distribution in one or more jurisdictions outside Canada, the Issuer shall take all such actions as may be necessary or desirable to comply with applicable securities law in each such jurisdiction in connection with such sale, distribution or offer distribution, including in relation to the Guarantee and Guarantee Certificate to the extent within the control of the Issuer.

Section 4.5 Amendments to Guaranteed Instrument

The Issuer acknowledges that section 2.3 of the Guarantee provides that the Guarantor shall not be liable under Section 2.1 thereunder in respect of any Guaranteed Instrument that has been varied, amended, waived, released, novated, supplemented, extended or restated in any respect (each, a “**Change**”) without notice to and the prior written consent of the Guarantor.

Accordingly, if the Issuer wishes to Change the terms of any Guaranteed Instrument (whether before or after issuance), it shall not do so without first having given notice of the proposed Change to the Guarantor and obtaining the Guarantor's prior written consent to such Change.

ARTICLE 5 – GUARANTEE FEE

Section 5.1 Payment of Guarantee Fee

(1) In consideration of the Guarantor providing a Guarantee Certificate in respect of the Guaranteed Instrument specified therein, the Issuer shall pay the Guarantor a non-refundable lump-sum fee (the “**Guarantee Fee**”) in the amount and at the time set out in this Article 5 in respect of such Guaranteed Instrument.

(2) The Guarantee Fee shall be due and payable to the Guarantor in accordance with the payment instructions set out in the invoice, using the Large Value Transfer System, within five (5) Business Days of receipt of an invoice therefor from the Administrative Agent.

Section 5.2 Calculation of Guarantee Fee Amount

(1) The Guarantee Fee payable in respect of each Guaranteed Instrument will be an amount equal to the product of the following:

- (a) the lesser of three (3) and the quotient (expressed as a decimal) obtained by dividing the actual number of days of the term to maturity of the Guaranteed Instrument by 365;
- (b) the aggregate gross proceeds of the offering of the Guaranteed Instrument as issued payable to the Issuer; and
- (c) a base rate of 1.10%, plus the sum of:
 - (i) a surcharge of:
 - (A) 0.25%, if the Issuer has at that time the Required Rating from at least two Approved Rating Agencies; or
 - (B) 0.50%; if the Issuer does not have at that time the Required Rating from at least two Approved Rating Agencies;

plus
 - (ii) 0.20%, if the Guaranteed Instrument is denominated in a currency other than Canadian Dollars, or 0%, if the Guaranteed Instrument is denominated in Canadian Dollars.

(2) To determine whether the Issuer has the Required Rating for the purposes of Section 5.2(1)(c), the lower of the two highest ratings of the Approved Rating Agencies will be used. All ratings must be on a stand-alone basis with no assumption that the Guarantor or any

other Person (including the holding body corporate of the Issuer) will provide credit support for the Issuer.

(3) The Guarantee Fee in respect of a Guaranteed Instrument denominated in a currency other than Canadian Dollars shall be payable in Canadian Dollars in an amount equal to the Canadian Dollar Equivalent Amount of the Guarantee Fee as of the Issue Date of the Guaranteed Instrument.

ARTICLE 6 – INDEMNIFICATION OF GUARANTOR

Section 6.1 Indemnity Agreement

Before submitting any Guarantee Certificate Application, and as a condition precedent to the obligation of the Guarantor to issue any Guarantee Certificates hereunder, the Issuer shall execute and deliver to the Guarantor an Indemnity Agreement indemnifying the Guarantor from and against any payment made by the Guarantor under the Guarantee in respect of any Guaranteed Obligations of the Issuer.

Section 6.2 Subrogation and Indemnity

(1) The Issuer acknowledges and agrees that the Guarantor shall be subrogated to all of the rights of each Beneficiary under the Guarantee against the Issuer in respect of any amount paid by the Guarantor pursuant to the Guarantee; provided, however, that the Guarantor shall not be entitled to enforce, or to receive any payments arising out of or based upon such rights of subrogation until all Guaranteed Obligations under the related Guaranteed Instrument shall have been paid in full.

(2) The Guarantor acknowledges that any claim that the Guarantor may have against the Issuer by way of subrogation or indemnity in connection with the Guarantee or under the Indemnity Agreement shall not, by virtue of such right of subrogation or indemnity, create a first charge on the assets of the Issuer for the purposes of paragraph 369(1)(a) of the *Bank Act* (Canada), paragraph 374(1)(a) of the *Trust and Loan Companies Act* or paragraph 353(1)(a) of the *Cooperative Credit Associations Act* (Canada) or any successors thereto.

ARTICLE 7 – TERM AND TERMINATION

Section 7.1 Term

This Agreement will come into effect on the date hereof and will remain in force until the earliest to occur of:

- (a) the date on which this Agreement is terminated in accordance with Section 3.4(3) or Section 7.3;
- (b) December 31, 2009; and

- (c) a date earlier than December 31, 2009 as designated by the Minister by at least 30 days notice in writing to the Issuer and to all other Eligible Institutions that have executed and delivered a Canadian Lenders Assurance Facility Participation Agreement in substantially the same form as this Agreement;

(the “**Termination Date**”).

Section 7.2 Termination Events

Each of the following is a “**Termination Event**”:

- (1) **Default Under Guaranteed Instrument.** If the Issuer defaults in the payment, when due, whether by acceleration or otherwise, of any Guaranteed Obligation of the Issuer and such default remains unremedied after any applicable cure period with respect thereto and the effect of that default is to accelerate the maturity of that Guaranteed Obligation or to permit the holder or holders thereof, or any trustee or agent for the holder or holders, to cause the Guaranteed Obligations to become due and payable prior to its expressed maturity.
- (2) **Failure to Pay Guarantee Fee.** If the Issuer fails to pay the Guarantee Fee in respect of any Guaranteed Instrument when the same is due and payable pursuant to Section 5.2(2).
- (3) **Failure to Report.** If the Issuer fails to give a notice required under Section 8.4(a)(iii).
- (4) **Cross-Default.** If with respect to any indebtedness of the Issuer (other than a Guaranteed Obligation) in the amount of \$50,000,000 or more, default occurs in the performance or observance of any obligation or condition with respect thereto and that default remains unremedied after any cure period with respect thereto or any other event occurs with respect thereto, and the effect of that default or other event is to accelerate the maturity of that indebtedness or to permit the holder or holders thereof, or any trustee or agent for the holder or holders, to cause the indebtedness to become due and payable prior to its expressed maturity.
- (5) **Representations and Warranties.** If any representation, warranty or statement which is made by the Issuer in this Agreement, the Indemnity Agreement, the Participation Application or any Guarantee Certificate Application or any other certificate, written statement or written notice provided under or in connection with this Agreement or which is deemed to have been made is untrue or incorrect when made or deemed to have been made in any material respect.
- (6) **Execution.** If any writ, distress, execution, attachment, seizure, garnishment, sequestration, extent or any similar process is issued, levied or enforced against the Issuer, or any of its respective properties or assets for an amount of \$50,000,000 or more.
- (7) **Invalidity and Contest.** If this Agreement, the Indemnity Agreement or any Guaranteed Instrument, or any material provision hereof or thereof, shall at any time after execution and delivery hereof or thereof, for any reason, cease to be a legal, valid and binding obligation of the Issuer or cease to be enforceable against the Issuer in accordance with its terms or shall be declared to be null and void, or the legality, validity, binding nature or enforceability of this Agreement, the Indemnity Agreement or any Guaranteed Instrument, or any provision hereof or

thereof, shall be contested by the Issuer or the Issuer shall deny that it has any further liabilities or obligations hereunder or thereunder.

(8) **Judgment.** If final judgment in an amount of \$50,000,000 or more is levied or enforced against the Issuer, unless the judgment is being actively and diligently appealed and is satisfied, vacated, discharged or execution thereof stayed pending appeal or a settlement of the judgment has been negotiated on terms acceptable to the Minister within 30 days of the rendering of the judgment, or if any stay is lifted or a default occurs in any settlement.

(9) **Voluntary Proceedings.** If the Issuer:

- (a) institutes proceedings for substantive relief in any bankruptcy, insolvency, debt restructuring, reorganization, readjustment of debt, dissolution, liquidation, winding-up or other similar proceedings (including proceedings under the *Winding-up and Restructuring Act* (Canada)), including proceedings for the appointment of a trustee, interim receiver, receiver, receiver and manager, administrative receiver, custodian, liquidator, provisional liquidator, Administrative Agent, sequestrator or other like official with respect to the Issuer or all or any material part of its property or assets;
- (b) makes an assignment for the benefit of creditors;
- (c) is unable or admits in writing its inability to pay its debts as they become due or otherwise acknowledges its insolvency or commits any other act of bankruptcy or is taken to be insolvent under any applicable legislation;
- (d) voluntarily suspends the conduct of its business or operations; or
- (e) acquiesces to, or takes any action in furtherance of, any of the foregoing.

(10) **Involuntary Proceedings.** If any third party in respect of the Issuer:

- (a) institutes a winding-up proceeding under the *Winding-up and Restructuring Act* (Canada) or any similar legislation; or a request for a winding-up order under section 10.1 of such Act has been made of the Attorney General by the Superintendent;
- (b) files, institutes or commences any other petition, proceeding or case under any other bankruptcy, insolvency, debt restructuring, reorganization, incorporation, readjustment of debt, dissolution, liquidation, winding-up or similar law now or hereafter in effect, seeking bankruptcy, liquidation, reorganization, dissolution, winding-up, composition or readjustment of debt of any of them, the appointment of a trustee, interim receiver, receiver, receiver and manager, administrative receiver, custodian, liquidator, provisional liquidator, Administrative Agent, sequestrator or other like official for any of them, or any material part of any of its assets or any similar relief; and if the application, filing, proceeding, petition or case is not contested by *bona fide* action on the part of the applicable corporation

and is not dismissed, stayed or withdrawn within 30 days of commencement thereof.

(11) ***Circumstances for Taking Control.*** If any of the events or circumstances described in subsection 648(1.1) of the *Bank Act* (Canada) or subsection 510(1.1) of the *Trust and Loan Companies Act* (Canada), as applicable, has occurred or is existing in respect of the Issuer.

(12) ***Taking of Control by Superintendent.*** If the Superintendent takes control of the Issuer or its assets pursuant to subsection 648(1) of the *Bank Act* (Canada) or subsection 510(1) of the *Trust and Loan Companies Act* (Canada), as applicable, or the Superintendent gives notice of her intention to do so.

(13) ***CDIC Order.*** If the Governor in Council, on the recommendation of the Minister, makes an order in respect of the Issuer under section 39.13(1) of the *Canada Deposit Insurance Corporation Act* (Canada) vesting the shares and subordinated debt of the Issuer in the Canada Deposit Insurance Corporation (“**CDIC**”) and/or appointing CDIC as receiver in respect of the Issuer.

(14) ***Material Adverse Change.*** If any other event or circumstance occurs or arises which the Minister in his reasonable discretion considers to be a material adverse change in the financial condition of the Issuer or its direct or indirect holding body corporate.

Section 7.3 Consequences of Termination Event

Upon the occurrence of any Termination Event, the Minister may declare the Termination Date to have occurred and this Agreement shall thereupon terminate. Upon such termination the Issuer shall no longer be entitled to submit any further Guarantee Certificate Applications and any Guarantee Certificates that have been issued but in respect of which the related Guaranteed Instrument has not yet been issued shall be automatically revoked. The Guarantor shall give notice of such termination to the Issuer, but the failure to give such notice shall not affect the effectiveness of such termination.

ARTICLE 8 – ADMINISTRATION AND REPORTING

Section 8.1 Bank of Canada as Administrative Agent for Guarantor

The parties acknowledge that the Bank of Canada in its capacity as fiscal agent for the Guarantor will act as the Administrative Agent for the Guarantor under this Agreement with responsibility for the day-to-day operations of the Facility and authority to act on behalf of and bind the Guarantor in connection with any matters relating to this Agreement, the Indemnity Agreement, the Guarantee, any Guarantee Certificate and any documents or instruments contemplated hereby or thereby.

Section 8.2 Release of Information

The Issuer shall authorize the Applicable Regulatory Authority and the Administrative Agent to release to the Minister such information as the Minister may reasonably require to

confirm that the Issuer is in compliance with this Agreement and that no Termination Event has occurred.

Section 8.3 Register of Guaranteed Instruments

It is acknowledged that the Administrative Agent on behalf of the Minister will maintain and update at least daily a public register of (i) all Guaranteed Instruments that have been approved but have not yet been issued; and (ii) all Guaranteed Instruments Outstanding, identified in each case by ISIN, instrument type, expected or actual Issue Date, Aggregate Face Amount, currency, maturity date, Guarantee Certificate Expiry Date, Guarantee Certificate number and any other relevant particulars. A copy of such register shall be accessible on-line on the website of the Bank of Canada.

Section 8.4 Reporting Obligations of Issuer

During the term of this Agreement the Issuer shall:

- (a) give notice in writing to the Guarantor and the Administrative Agent as soon as practicable after becoming aware that:
 - (i) a Termination Event has occurred;
 - (ii) any event of default or other event giving rise to a right of enforcement or acceleration under any Guaranteed Instrument that is Outstanding has occurred; or
 - (iii) the Issuer will be, or is likely to be, unable to make payment of a Guaranteed Obligation on its Due Date;
- (b) if any Outstanding Guaranteed Instrument includes a right of redemption at the option of the Issuer, give notice in writing to the Guarantor and the Administrative Agent of the exercise of such right; and
- (c) report to the Administrative Agent as necessary any changes to its Guaranteed Instruments, either unissued or Outstanding, identifying the same by ISIN, description and any other relevant particulars.

ARTICLE 9 – REPRESENTATIONS AND WARRANTIES OF THE ISSUER

Section 9.1 Representations and Warranties

The Issuer makes the following representations and warranties to the Guarantor, all of which shall survive the execution and delivery of this Agreement:

- (1) ***Existence, Power and Qualification.*** The Issuer (a) is a financial institution incorporated, amalgamated, continued or otherwise formed, and validly existing under its

Applicable FI Legislation; and (b) is up to date in all material filings to the Applicable Regulatory Authority under its Applicable FI Legislation and any other Applicable Law.

(2) **No Conflict.** The execution, delivery and performance by the Issuer of this Agreement and the Indemnity Agreement do not and will not conflict with, result in a breach or violation of, or constitute a material default under, its constating documents or by-laws, or Applicable Laws.

(3) **Power and Authority.** The Issuer has the corporate power and capacity to execute and deliver this Agreement and the Indemnity Agreement and to perform its obligations thereunder.

(4) **Authorization, Execution, Delivery and Binding Effect.** Each of this Agreement and the Indemnity Agreement has been duly authorized, executed and delivered by, and constitutes a legal, valid and binding obligation of, the Issuer, enforceable in accordance with its terms, subject to (a) applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, (b) the fact that specific performance and injunctive relief may only be given at the discretion of the courts, and (c) the equitable or statutory powers of the courts to stay proceedings before them and to stay the execution of judgments.

(5) **No Approvals Required.** (a) The Issuer has obtained all governmental approvals which are necessary (i) to enter into this Agreement and the Indemnity Agreement and to perform its obligations hereunder and thereunder and (ii) to the conduct of its business as presently conducted and (b) there is no material default under any such governmental approvals, nor are there any proceedings in progress, pending or threatened which may result in the revocation, suspension or material adverse modification of the governmental approval.

(6) **Financial Statements.** The most recent financial statements of the Issuer filed with the Applicable Regulatory Authority were prepared in accordance with Canadian generally accepted accounting principles, as modified by such Applicable Regulatory Authority, applied on a basis consistent with preceding periods, except as stated therein or in the notes, and those financial statements fairly represent in all material respects its financial position as at their date.

(7) **No Termination Event.** No Termination Event or any event that would, after the giving of notice or lapse of time, constitute a Termination Event, has occurred and is continuing.

(8) **Compliance.** The Issuer is in material compliance with its constating documents and by-laws and any orders or directives of the Applicable Regulatory Authority.

Section 9.2 Deemed Repetition

Each of the Representations and Warranties set out in Section 9.1 is deemed to be given by the Issuer as at the date hereof and at the date of each Guarantee Certificate Application submitted by the Issuer.

ARTICLE 10 – GENERAL PROVISIONS

Section 10.1 Applicable Law

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 10.2 Jurisdiction

Each of the parties hereto irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario to determine any disputes or claims hereunder.

Section 10.3 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.4 Amendments and Waivers

(1) Except as provided in Section 10.4(2) below, no amendment, supplement, restatement, termination or waiver of any provision of this Agreement is binding unless it is in writing and signed by each Person that is a party to this Agreement at the time of the amendment, supplement, restatement, termination or waiver.

(2) The Administrative Agent may amend, supplement or restate this Agreement on behalf of the Guarantor at any time in its sole discretion upon giving notice of such amendment to the Issuer in accordance with Section 10.7; provided, however, that (except to the extent that such amendment is required by applicable law), no such amendment, supplement or restatement may prejudice the interests of the Issuer.

Section 10.5 Limitation of Waivers

In the event that the Minister or the Administrative Agent waives any Termination Event or compliance by the Issuer with any requirement under this Agreement, such waiver shall apply only to the particular circumstances of such Termination Event or requirement and shall be without prejudice to the right of the Minister or Administrative Agent to declare the Termination Date to have occurred on the occurrence of any Termination Event thereafter or enforce strict compliance with any other term of this Agreement, notwithstanding such waiver.

Section 10.6 Successors and Assignees

This Agreement shall be binding upon and enure to the benefit of the Guarantor and its assigns and to the Issuer and its successors and assigns. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 10.7 Notice

(1) Each notice hereunder must be given in writing and delivered personally or by courier, sent by prepaid registered mail or transmitted by fax to the recipient as follows:

if to the Guarantor:

Department of Finance Canada
 20th Floor, East Tower
 L'Esplanade Laurier
 140 O'Connor Street
 Ottawa, Ontario K1A 0G5
 Attention: Assistant Deputy Minister
 Financial Sector Policy Branch
 Fax No: (613) 952-1596

if to the Administrative Agent:

Bank of Canada
 234 Wellington Street
 Ottawa, Ontario K1A 0G9
 Attention: CLAF Administration
 2 East Tower
 Fax No: (613) 782-8655

if to the Issuer:

«Name_of_Issuer»
 «Issuer_Address»
 Attention: «Attention»
 Fax No.: «Fax_No»

or to any other address, fax number or Person that the recipient designates by notice in writing to the Guarantor.

(2) Any notice, if delivered personally or by courier, will be deemed to have been given when actually received; if transmitted by fax before 3:00 p.m., Ottawa time, on a Business Day, will be deemed to have been given on that Business Day; and if transmitted by fax after 3:00 p.m., Ottawa time, on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

Section 10.8 House of Commons Clause

No member of the House of Commons has been or shall be admitted to any share or part of this Agreement or to any benefit relating to this Agreement.

Section 10.9 Choice of Language

The parties confirm that it is their wish that this Agreement, as well as any other documents relating to this Agreement, including notices, schedules and authorizations, have been and shall be drawn up in the English language only. *Les parties aux présentes confirment leur volonté que cette convention, de même que tous les documents, y compris tous avis, annexes et autorisations s'y rattachant, soient rédigés en langue anglaise seulement.*

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

**HER MAJESTY THE QUEEN IN RIGHT
OF CANADA, as represented by the Minister
of Finance**

By: _____
Name: Jeremy Rudin
Title: Assistant Deputy Minister
Financial Sector Policy Branch
Finance Canada

«NAME_OF_ISSUER»

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule 1.1(16) – Guarantee

(see attached)

CANADIAN LENDERS ASSURANCE FACILITY GUARANTEE

This Canadian Lenders Assurance Facility Guarantee (as amended from time to time, this “**Guarantee**”) is given as of February 25, 2009 by **HER MAJESTY THE QUEEN IN RIGHT OF CANADA** (the “**Guarantor**”), as represented by the Minister of Finance, in favour of each Beneficiary (as defined below) from time to time.

RECITALS

A. This Guarantee is being provided by the Guarantor under the Canadian Lenders Assurance Facility program, a component of Canada’s implementation of the G7 Plan of Action to stabilize financial markets, restore the flow of credit and support global economic growth.

B. Eligible Canadian financial institutions participating in the program may from time to time request the Guarantor to guarantee a specific instrument under this Guarantee.

NOW THEREFORE, for good and valuable consideration, the Guarantor hereby agrees with each Beneficiary as follows:

ARTICLE 1 – INTERPRETATION

Section 1.1 Definitions

In this Guarantee the following terms have the following meanings:

(1) “**Accrued Yield**” means, as of any particular time, with reference to a Guaranteed Instrument issued on an interest-bearing basis, the amount of overdue or unpaid interest accrued up to such time and, with reference to a Guaranteed Instrument issued on a discount basis, an amount equal to the present value of the stated face amount of such instrument discounted to such time at a discount rate equal to the discount rate applied to calculate the subscription price for the instrument.

(2) “**Beneficiary**” means, in respect of a Guaranteed Instrument, the Person to whom the related Guaranteed Obligations are owed from time to time and any Person authorized to act on behalf of such Person in connection with the enforcement of obligations under the Guaranteed Instrument as indenture trustee, collateral agent, paying agent, *fondé de pouvoir*, holder of a power of attorney or otherwise.

(3) “**Business Day**” means any day except Saturday or Sunday on which the Bank of Canada is open for business in Ottawa, Canada.

(4) “**Demand**” has the meaning given to it in Section 3.1(1).

(5) “**Due Date**” has the meaning given to it in Section 2.1(b).

(6) “**Expiry Date**” has the meaning given to it in Section 2.4.

- (7) **“Guarantee Certificate”** means a certificate in the form attached as Schedule 1.1(7) issued by the Guarantor in favour of an Issuer certifying that obligations of the Issuer to pay principal and Accrued Yield under the instrument specified in the certificate are guaranteed under this Guarantee.
- (8) **“Guaranteed Instrument”** means any specific instrument in respect of which a Guarantee Certificate has been issued and has not expired.
- (9) **“Guaranteed Obligations”** means, with respect to a Guaranteed Instrument, any amounts of principal and Accrued Yield owing under the Guaranteed Instrument that have become due and payable in accordance with its terms, whether on a scheduled payment date, at maturity or on default, acceleration, enforcement or otherwise, on or prior to the Expiry Date.
- (10) **“Issue Date”** of a Guaranteed Instrument means the date on which the Guaranteed Instrument is issued.
- (11) **“Issuer”** of a Guaranteed Instrument means the Person that issued the Guaranteed Instrument.
- (12) **“Person”** means any natural person, sole proprietorship, partnership, corporation, trust, joint venture, governmental authority, incorporated or unincorporated entity, or incorporated or unincorporated association of any nature.

Section 1.2 Rules of Interpretation

In this Guarantee:

- (a) words importing the singular include the plural and vice versa and words importing gender include the masculine, feminine and neutral genders;
- (b) the terms “in writing” and “written” include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including, without limitation, telexes, telegraphs, telecopies or electronic mail;
- (c) “including” means “including, without limitation,” and the various forms of the verb “include” have similar meanings; and
- (d) the division of this Guarantee into articles and sections and the insertion of headings are for reference only and are not to affect the construction or interpretation of this Guarantee.

ARTICLE 2 – GUARANTEE

Section 2.1 Guarantee

Subject to Section 2.3 and Section 3.5 below, the Guarantor hereby irrevocably and unconditionally:

- (a) guarantees to each Beneficiary payment by each applicable Issuer of the Guaranteed Obligations owed to such Beneficiary under the related Guaranteed Instrument; and
- (b) undertakes in favour of each Beneficiary that, whenever the applicable Issuer does not pay any Guaranteed Obligation on the date on which it becomes due and payable under the terms of the Guaranteed Instrument (the “**Due Date**”), the Guarantor shall, upon a Demand by the Beneficiary made in accordance with Section 3.1, pay that Guaranteed Obligation in accordance with this Guarantee.

Section 2.2 Obligations Not Affected

Subject to Section 2.3, the obligations of the Guarantor hereunder shall not be affected or impaired by any act, omission, matter or thing whatsoever, occurring before, upon or after any demand for payment hereunder which, but for this provision, might constitute a whole or partial defence to a claim against the Guarantor hereunder or might operate to release or otherwise exonerate the Guarantor from any of its obligations hereunder or otherwise affect such obligations, and the Guarantor hereby irrevocably waives any defence it may now or hereafter have in any way relating to the foregoing.

Section 2.3 Amendments

The Guarantor shall not be liable under Section 2.1 in respect of any Guaranteed Instrument that has been varied, amended, waived, released, novated, supplemented, extended or restated in any respect without notice to and the prior written consent of the Guarantor.

Section 2.4 Term and Expiry

This Guarantee takes effect with respect to each Guaranteed Instrument on the Issue Date of the Guaranteed Instrument and will expire at 11:59 p.m., Ottawa time, on the third anniversary of the Issue Date (the “**Expiry Date**”), as set out in the applicable Guarantee Certificate, regardless of whether the term of the Guaranteed Instrument extends beyond the Expiry Date. However, such expiry will not affect the obligations of the Guarantor hereunder in respect of any amounts of principal or interest that became due and payable on or prior to the Expiry Date.

ARTICLE 3 – DEMAND AND PAYMENT

Section 3.1 Demand

- (1) Any demand for payment by a Beneficiary under this Guarantee (a “**Demand**”) must be made by notice in writing in the form attached as Schedule 3.1(1) and delivered to the addressee specified therein.
- (2) If any Beneficiaries are represented collectively by any Person authorized by the terms of a trust indenture, trust deed, note indenture, custodial agreement or similar document to act on behalf of such Beneficiaries in connection with the enforcement of obligations under the related Guaranteed Instrument in the capacity of indenture trustee, collateral agent, paying agent, holder of a power of attorney, *fondé de pouvoir* or similar capacity (each, a “**Representative**”), any Demand hereunder must be made by such Representative and shall not be made by any such Beneficiaries individually.
- (3) A Demand will be not be valid under this Guarantee unless:
 - (a) the amount claimed is due to the Beneficiary and remains unpaid despite the Beneficiary having served a demand for payment on the applicable Issuer;
 - (b) the Due Date of the Guaranteed Obligation in respect of which the Demand is given falls on or before the applicable Expiry Date;
 - (c) it is in the form of Schedule 3.1(1); and
 - (d) it is otherwise made in accordance with this Section 3.1.

Section 3.2 Currency of Payment

Each payment to be made by the Guarantor hereunder in respect of a Guaranteed Obligation shall be payable in the currency or currencies in which such Guaranteed Obligation is denominated.

Section 3.3 Withholdings

All amounts payable by the Guarantor under this Guarantee shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Guarantor is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Guarantor shall pay to the Beneficiary such additional amount as is necessary to enable the Beneficiary to receive a net amount equal to the full amount payable hereunder..

Section 3.4 Subrogation and Indemnity

- (1) The Guarantor shall be subrogated to all of the rights of the Beneficiary against the applicable Issuer in respect of any amount paid by the Guarantor pursuant to this Guarantee; provided, however, that the Guarantor shall not be entitled to enforce or to receive any payments

arising out of or based upon such rights of subrogation until all related Guaranteed Obligations have been paid in full.

(2) Any claim that the Guarantor may have against an Issuer by way of subrogation or indemnity in connection with this Guarantee shall not, by virtue of such right of subrogation or indemnity, create a first charge on the assets of the Issuer for the purposes of paragraph 369(1)(a) of the *Bank Act* (Canada), paragraph 374(1)(a) of the *Trust and Loan Companies Act* or paragraph 353(1)(a) of the *Cooperative Credit Associations Act* (Canada), if applicable, or any successors thereto.

Section 3.5 Alternative Purchase Commitment

(1) It is acknowledged that pursuant to sections 26 and 29(1) of the Financial Administration Act (Canada), no payments may be made by the Guarantor out of the Consolidated Revenue Fund in satisfaction of its obligations under Section 2.1 hereof without the authority of an act of Parliament (an “**Appropriation Act**”). Accordingly, if a Demand is delivered to the Guarantor by a Beneficiary at a time when an Appropriation Act is not in force, then the Guarantor shall satisfy its obligations under Section 2.1 hereof by purchasing from the Beneficiary (a “**Purchase**”) all or an undivided interest in the related Guaranteed Instrument (the “**Purchased Interest**”), determined in accordance with subsection (2) below, for a purchase price (the “**Purchase Price**”) equal to the amount required to be paid under the Demand, in accordance with this Section 3.5. Receipt from the Guarantor by the Beneficiary of such Purchase Price shall be deemed to satisfy in full the obligations of the Guarantor under Section 2.1 as between the Beneficiary and the Guarantor in respect of the applicable Demand.

(2) The Purchased Interest acquired by the Guarantor upon a Purchase under this Section 3.5 will be a beneficial property interest in the related Guaranteed Instrument, the nature and extent of which will be determined as follows:

- (a) If the related Demand requires payment in full by the Guarantor of Guaranteed Obligations in an aggregate amount equal to all amounts of principal and Accrued Yield under the Guaranteed Instrument, which amounts have become due and payable under the Guaranteed Instrument on maturity or by acceleration after default, then the Purchased Interest acquired by the Guarantor upon payment of a Purchase Price equal to such aggregate amount will equal 100% of the related Beneficiary’s right, title and interest in and to the related Guaranteed Instrument. Accordingly, upon payment of such Purchase Price by the Guarantor in accordance with the related Demand, the Beneficiary shall be deemed to have sold and assigned to the Guarantor, without representation or warranty, and the Guarantor shall be deemed to have purchased as principal from the related Beneficiary, all of such Beneficiary’s right, title and interest in and to the related Guaranteed Instrument.
- (b) If the related Demand requires payment by the Guarantor of Guaranteed Obligations comprising one or more scheduled payments of interest and/or principal prior to maturity, then the Purchased Interest acquired by the Guarantor upon payment of a Purchase Price equal to such scheduled payments shall be the

right of the related Beneficiary to receive such scheduled payments from the Issuer and demand payment thereof. Accordingly, upon payment of such Purchase Price by the Guarantor in accordance with the related Demand, the Beneficiary shall be deemed to have sold and assigned to the Guarantor, without representation or warranty, and the Guarantor shall be deemed to have purchased as principal from the related Beneficiary, the Beneficiary's right to receive from the Issuer such scheduled payments under the related Guaranteed Instrument and to demand payment thereof. Notwithstanding such sale and assignment, the Beneficiary shall retain the right to accelerate the maturity of the Guaranteed Instrument by reason of the Issuer's failure to make the scheduled payments when the same were due and payable to the extent and in the manner provided in the Guaranteed Instrument.

(3) By delivering a Demand to the Guarantor at any time when an Appropriation Act is not in force, a Beneficiary shall be deemed to have required the Guarantor to Purchase the applicable Purchased Interest from the Beneficiary as provided in subsection (1) or (2) above, as the case may be. Concurrent with the delivery of such Demand, the Beneficiary shall tender the applicable Purchased Interest to the Guarantor or such depository or other Person as the Guarantor may direct in accordance with applicable market practice, the terms and conditions of the Guaranteed Instrument and the rules and procedures of any clearing agency or depository through which trades in the Guaranteed Instrument are settled, and as the Guarantor may otherwise direct.

(4) The Guarantor shall pay the related Purchase Price or cause the same to be paid to the applicable Beneficiary in the currency or currencies in which the related Guaranteed Obligations are denominated and at the same time and in the same manner as the amount required to be paid under the related Demand; and each such Demand shall be deemed to direct the Guarantor to pay the Purchase Price to the Person and/or account specified by the Beneficiary therein and otherwise in accordance with the instructions set out in the Demand as if the Claimed Amount, as defined in and specified in the Demand, were the applicable Purchase Price.

(5) It is acknowledged that as the beneficial owner of a Purchased Interest in a Guaranteed Instrument, the Guarantor shall not be treated as a Beneficiary hereunder to the extent of such Purchased Interest in that upon consummation of the related Purchase, the obligations of the Guarantor as guarantor hereunder shall merge with the rights of the Guarantor as Beneficiary hereunder and thereby be extinguished. However, all other provisions of this Guarantee shall apply to Purchases made under this Section 3.5, *mutatis mutandis*, including Section 3.4 hereof.

ARTICLE 4 – GENERAL

Section 4.1 Applicable Law

This Guarantee is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 4.2 Jurisdiction

Each of the parties hereto irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Section 4.3 Severability

Any provision of this Guarantee which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 4.4 Amendments

The Guarantor may amend, supplement or restate this Guarantee at any time in its sole discretion upon giving notice of such amendment to each Issuer in accordance with Section 10.7; provided, however, that (except to the extent that such amendment is required by applicable law), no such amendment, supplement or restatement may prejudice the interests of any Beneficiary.

Section 4.5 Successors and Assignees

This Guarantee shall be binding upon the Guarantor and its assigns and shall enure to the benefit of the Beneficiaries and their respective successors, personal representatives and assigns.

Section 4.6 Notice

(1) Each notice hereunder must be given in writing and delivered personally or by courier, sent by prepaid registered mail or transmitted by fax to the recipient as follows:

if to the Guarantor:

Department of Finance Canada
20th Floor, East Tower
L'Esplanade Laurier
140 O'Connor Street
Ottawa, Ontario K1A 0G5

Attention: Assistant Deputy Minister
Financial Sector Policy Branch

Fax No: (613) 952-1596

if to an Issuer: to the Secretary of such Issuer addressed to its registered head office or such other address for service as the Issuer may provide to the Guarantor by notice in writing;

if to any Beneficiary: by notice to the Issuer for forwarding to the applicable Beneficiary or to such other address for service as the Issuer or such Beneficiary may provide to the Guarantor by notice in writing;

or to any other address, fax number or Person that the recipient designates by notice in writing to the other party.

(2) Any notice, if delivered personally or by courier, will be deemed to have been given when actually received; if transmitted by fax before 3:00 p.m., Ottawa time, on a Business Day, will be deemed to have been given on that Business Day; and if transmitted by fax after 3:00 p.m., Ottawa time, on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

Section 4.7 Counterparts

This Guarantee may be executed in any number of separate counterparts, which counterparts shall collectively and separately constitute one agreement.

Section 4.8 Choice of Language

The parties confirm that it is their wish that this Guarantee, as well as any other documents relating to this Guarantee, including notices, schedules and authorizations, have been and shall be drawn up in the English language only. *Les parties aux présentes confirment leur volonté que cette garantie, de même que tous les documents, y compris tous avis, annexes et autorisations s'y rattachant, soient rédigés en langue anglaise seulement.*

IN WITNESS WHEREOF the Guarantor has executed this Guarantee under its hand as of the date first above written.

**HER MAJESTY THE QUEEN IN RIGHT
OF CANADA, as represented by the Minister
of Finance**

By: _____
Name:
Title:

Schedule 1.1(7) – Guarantee Certificate

**CANADIAN LENDERS ASSURANCE FACILITY
GUARANTEE CERTIFICATE**

Guarantee Certificate No. [●]
Date: [●, 2009]

Reference is made to (a) the Canadian Lenders Assurance Facility Guarantee (the “Guarantee”) made as of February 25, 2009, by Her Majesty the Queen in Right of Canada, as represented by the Minister of Finance (the “Guarantor”), in favour of the Beneficiaries from time to time as defined therein, and (b) the Canadian Lenders Assurance Facility Participation Agreement made as of _____, 2009 between the Guarantor and [●] (the “Issuer”) (the “CLAFPA”). Capitalized terms used in this Certificate and not otherwise defined have the meanings given to them in the Guarantee or the CLAFPA, as applicable.

The undersigned hereby CERTIFIES that the proposed instrument of the Issuer described in the schedule attached to this certificate (the “Instrument”), will, when and if issued, be a Guaranteed Instrument for the purposes of the CLAFPA, and as such, will be guaranteed by the Guarantor under, or otherwise have the benefit of, the Guarantee, in accordance with the terms and conditions thereof, provided that the Instrument has been issued by the Issuer on or before 30 days after the date of this Certificate and provided also that as between the terms and conditions of the Instrument as described in the schedule attached hereto and the terms and conditions of the Instrument as issued, there is no material variance which has not been approved by or notice of which has not been given to the Minister in accordance with the CLAFPA.

Pursuant to the CLAFPA, this Certificate is valid only in respect of a single issuance of the Instrument, up to the maximum Aggregate Face Amount specified in the schedule to this Certificate.

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA,
as represented by the Minister of Finance,
by the BANK OF CANADA as Administrative Agent**

By: _____;
(Signature)

Name: _____;
(Print)

Title: _____.
(Print)

By: _____;
(Signature)

Name: _____;
(Print)

Title: _____.
(Print)

Schedule to Guarantee Certificate No. [●]

Issuer	ISIN	Maximum Aggregate Face Amount	Instrument Type	Coupon /Discount Rate	Maturity Date	Currency	Anticipated Issue Date

Schedule 3.1(1) – Notice of Demand

CANADIAN LENDERS ASSURANCE FACILITY GUARANTEE NOTICE OF DEMAND

[date]

Department of Finance Canada
20th Floor, East Tower
L'Esplanade Laurier
140 O'Connor Street
Ottawa, Ontario K1A 0G5

Attention: Assistant Deputy Minister
Financial Sector Policy Branch

Fax No: (613) 952-1596

Dear Sirs/Mesdames:

Re: [Description of Guaranteed Instrument and ISIN] (the “**Instrument**”)

1. Reference is made to the Canadian Lenders Assurance Facility Guarantee (the “**Guarantee**”) dated as of February 25, 2009 given by Her Majesty the Queen in Right of Canada as represented by the Minister of Finance. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Guarantee.
2. The Instrument is a “Guaranteed Instrument” for the purposes of the Guarantee, as evidenced by Guarantee Certificate Number [] dated [].
3. We are the [holder of] [indenture trustee for the holders of] [custodian for the holders of] [principal amount] of the Instrument and as such are a Beneficiary under the Guarantee entitled to make demand thereunder.
4. We hereby demand payment in accordance with the Guarantee of the sum of [] (the “**Claimed Amount**”).
5. We hereby certify as follows:
 - (a) the Claimed Amount represents \$[] [of principal] [and] \$[] [of Accrued Yield] comprising Guaranteed Obligations that are now due and payable to the Beneficiary under the Instrument as follows: [*describe Guaranteed Obligations and their due dates, acceleration, etc.*]; and

(b) notice of demand for payment of the Claimed Amount has been served on the Issuer in accordance with the Guaranteed Instrument and the Issuer has failed to pay the Claimed Amount set out in such demand.

6. Kindly arrange for payment of the Claimed Amount [by wire transfer] as follows:

Financial
institution:

Bank number:

Transit number:

Account number:

[Account name:]

[SWIFT code]

[other particulars:]

Yours very truly,

[*Beneficiary*]

By: _____

Name:
Authorized Signatory

Schedule 1.1(17) – Form of Guarantee Certificate

(see attached)

**CANADIAN LENDERS ASSURANCE FACILITY
GUARANTEE CERTIFICATE**

Guarantee Certificate No. [●]

Date: [●, 2009]

Reference is made to (a) the Canadian Lenders Assurance Facility Guarantee (the "Guarantee") made as of February 25, 2009, by Her Majesty the Queen in Right of Canada, as represented by the Minister of Finance (the "Guarantor"), in favour of the Beneficiaries from time to time as defined therein, and (b) the Canadian Lenders Assurance Facility Participation Agreement made as of [●], 2009 between the Guarantor and [●] (the "Issuer") (the "CLAFPA"). Capitalized terms used in this Certificate and not otherwise defined have the meanings given to them in the Guarantee or the CLAFPA, as applicable.

The undersigned hereby CERTIFIES that the proposed instrument of the Issuer described in the schedule attached to this certificate (the "Instrument"), will, when and if issued, be a Guaranteed Instrument for the purposes of the CLAFPA, and as such, will be guaranteed by the Guarantor in accordance with the terms and conditions of the Guarantee, provided that the Instrument has been issued by the Issuer on or before 30 days after the date of this Certificate and provided also that as between the terms and conditions of the Instrument as described in the schedule attached hereto and the terms and conditions of the Instrument as issued, there is no material variance which has not been approved by or notice of which has not been given to the Minister in accordance with the CLAFPA.

Pursuant to the CLAFPA, this Certificate is valid only in respect of a single issuance of the Instrument, up to the maximum Aggregate Face Amount specified in the schedule to this Certificate.

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA,
as represented by the Minister of Finance,
by the BANK OF CANADA as Administrative Agent**

By: _____;
(Signature)

Name: _____;
(Print)

Title: _____.
(Print)

By: _____;
(Signature)

Name: _____;
(Print)

Title: _____.
(Print)

Schedule to Guarantee Certificate No. [●]

Issuer	ISIN	Maximum Aggregate Face Amount	Instrument Type	Coupon / Discount Rate	Maturity Date	Currency	Anticipated Date of Issue

Schedule 1.1(23) – Form of Indemnity Agreement

CANADIAN LENDERS ASSURANCE FACILITY INDEMNITY AGREEMENT

This Indemnity Agreement is given as of [*date of Agreement*] by [*NAME OF ISSUER*] (the “**Issuer**”) in favour of **HER MAJESTY THE QUEEN IN RIGHT OF CANADA** (the “**Guarantor**”), as represented by the Minister of Finance.

RECITALS

- A. Under a Canadian Lenders Assurance Facility Participation Agreement (the “**Participation Agreement**”) made as of [*date of Agreement*], between the Issuer and the Guarantor, the Issuer is a participant in the Canadian Lenders Assurance Facility (the “**Facility**”).
- B. Under the Facility, the Issuer may from time to time request the Guarantor to guarantee specific instruments under a Guarantee (the “**Guarantee**”) given as of February 25, 2009 by the Guarantor in favour of each Beneficiary (as defined in the Guarantee) from time to time.
- C. It is a term and condition of the Participation Agreement that before submitting any Guarantee Certificate Application (as defined in the Participation Agreement), the Issuer shall execute and deliver to the Guarantor this Indemnity Agreement.

NOW THEREFORE, for good and valuable consideration, the Issuer hereby agrees with the Guarantor as follows:

ARTICLE 1 – INTERPRETATION

Section 1.1 Defined Term

Capitalized terms used herein and not otherwise defined have the meanings given to them in the Guarantee.

Section 1.2 Rules of Interpretation

In this Indemnity Agreement:

- (a) words importing the singular include the plural and vice versa and words importing gender include the masculine, feminine and neutral genders;
- (b) the terms “in writing” and “written” include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including telexes, telegraphs, telecopies or electronic mail;
- (c) “including” means “including, without limitation,” and the various forms of the verb “include” have similar meanings; and

- (d) the division of this Indemnity Agreement into articles and sections and the insertion of headings are for reference only and are not to affect the construction or interpretation of this Indemnity Agreement.

ARTICLE 2 – INDEMNITY

Section 2.1 Indemnity and Reimbursement

The Issuer hereby agrees with the Guarantor:

- (a) to indemnify and save harmless the Guarantor from and against all claims, actions, proceedings, liabilities, losses, costs, expenses or damages against or incurred by the Guarantor arising out of or in connection with the Guarantee in relation to any Guaranteed Instrument issued by the Issuer; and
- (b) to reimburse the Guarantor in full for the amount of any payment or payments made by the Guarantor at any time or from time to time under and in accordance with the Guarantee in relation to any Guaranteed Instrument issued by the Issuer, such reimbursement to be made within five (5) Business Days of demand therefor by the Guarantor.

ARTICLE 3 – PAYMENTS AND DEMANDS

Section 3.1 Payments without Deduction

All amounts payable by the Issuer under this Indemnity Agreement shall be made free and clear of and without deduction for or on account of any set-off or counterclaim or any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Issuer is obliged to deduct or withhold an amount in respect of any such matter, then in such event the Issuer shall pay to the Guarantor such additional amount as is necessary to enable the Guarantor to receive a net amount equal to the full amount payable hereunder.

Section 3.2 Currency of Payments

- (1) All payments required to be made by the Issuer under this Indemnity Agreement shall be made in the currency in which the related payments or liabilities made or incurred by the Guarantor are denominated.
- (2) If under any applicable law and whether pursuant to a judgment against the Issuer or for any other reason, any payment under or in connection with this Indemnity Agreement is made or falls to be satisfied by the Issuer in a currency (the “Other Currency”) other than the currency in which the relevant payment is expressed to be payable (the “Required Currency”), then to the extent that the amount actually received by the Guarantor (when the amount of the payment in the Other Currency is converted by the Guarantor into the Required Currency) is less than the amount of the Required Currency payable under the terms of this Indemnity Agreement, then the Issuer shall, as a separate and independent obligation, indemnify and hold harmless the Guarantor for and against the amount of such shortfall.

Section 3.3 Interest on Amounts Payable

If any amounts payable hereunder by the Issuer to the Guarantor is not paid when due, the unpaid amount from time to time shall bear interest at a rate per annum equal to the then prevailing Bank Rate announced by the Bank of Canada. Such interest shall be payable and compounded monthly on the first day of each month.

Section 3.4 Set-Off by Guarantor

The Guarantor may set off any moneys payable by the Issuer under this Indemnity Agreement against any obligation of any kind owing or payable by the Guarantor to the Issuer, regardless of the place of payment or the currency of either obligation, and if the obligations are in different currencies, the Guarantor may convert either obligation into the currency of the other at a market rate of exchange selected by the Guarantor for that purpose.

Section 3.5 Demands, Documents and Payments under the Guarantee

- (1) Any demand made under the Guarantee for payment in connection with any Guaranteed Instrument issued by the Issuer shall, for all purposes related to this Indemnity Agreement, be deemed to be a valid and effective demand, and the Guarantor shall be entitled to treat it as such notwithstanding any lack of authority of the party making the demand if the demand appears on its face to be in order.
- (2) Provided that any certificate or document delivered to the Guarantor by or on behalf of a Beneficiary under the Guarantee appears on its face to be in accordance with the terms of the Guarantee, such certificate or document shall for all purposes relating to this Indemnity Agreement be deemed to be genuine and in accordance with the terms of the Guarantee.
- (3) Any payment made by the Guarantor pursuant to a demand for payment made under the Guarantee shall be conclusive evidence that the Guarantor was obligated to comply with such demand and to make such payment notwithstanding any dispute that may exist or arise between the Issuer and the Beneficiary as to the validity of the demand.

ARTICLE 4 – GENERAL

Section 4.1 Applicable Law

This Indemnity Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 4.2 Jurisdiction

Each of the parties hereto irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Section 4.3 Severability

Any provision of this Indemnity Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 4.4 Rights and Remedies Cumulative

The rights and remedies of the Guarantor provided for in this Indemnity Agreement are in addition to and not in substitution for any other rights and remedies of the Guarantor in relation to the Guarantee or any payment made by the Guarantor thereunder, whether arising by operation of law or by statute or otherwise.

Section 4.5 Delays, Amendments, Waivers, etc.

No failure to exercise and no delay in exercising any power, right or remedy on the part of the Guarantor shall operate as a waiver thereof nor shall any partial or single exercise of any power, right or remedy preclude the exercise of any other power, right or remedy. No amendment, modification or waiver of any provision of this Indemnity Agreement will be effective unless it is in writing and duly executed by the Guarantor.

Section 4.6 Successors and Assignees

This Indemnity Agreement shall be binding upon the Issuer and its successors and assigns and shall enure to the benefit of the Guarantor and its assigns.

Section 4.7 Notice

(1) Each notice hereunder must be given in writing and delivered personally or by courier, sent by prepaid registered mail or transmitted by fax to the recipient as follows:

if to the Guarantor:

Department of Finance Canada
20th Floor, East Tower
L'Esplanade Laurier
140 O'Connor Street
Ottawa, Ontario K1A 0G5

Attention: Assistant Deputy Minister
Financial Sector Policy Branch

Fax No: (613) 952-1596

if to the Issuer:

[Issuer Name]
[Issuer Address]

Attention: **[Attention]**

Fax No.: **[Fax No.]**

or to any other address, fax number or Person that the recipient designates by notice in writing to the other party.

(2) Any notice, if delivered personally or by courier, will be deemed to have been given when actually received; if transmitted by fax before 3:00 p.m., Ottawa time, on a Business Day, will be deemed to have been given on that Business Day; and if transmitted by fax after 3:00 p.m., Ottawa time, on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

Section 4.8 Counterparts

This Indemnity Agreement may be executed in any number of separate counterparts, which counterparts shall collectively and separately constitute one agreement.

IN WITNESS WHEREOF the Issuer has hereunto duly executed this Indemnity Agreement as of the date first above written.

[NAME OF ISSUER]

By: _____

Name: **[Signing Officer 1]**

Title: **[Signing Officer 1 - Title]**

By: _____

Name: **[Signing Officer 2]**

Title: **[Signing Officer 2 - Title]**

Schedule 1.1(27) – Maximum Participation Limit Worksheet

MAXIMUM PARTICIPATION LIMIT WORKSHEET

ISSUER:		TRANSIT NO.:	
----------------	--	---------------------	--

Select Option I or II: [All amounts are in Canadian Dollars]

OPTION I: DEPOSITS-BASED

Total amount of Canadian deposit liabilities as of end of most recent quarter up to October 31, 2008, based on latest M4 or OSFI-68 Return filed with OSFI ¹	A: \$
20% of A	B \$

OPTION II: WHOLESALE DEBT INSTRUMENTS-BASED

Aggregate Face Amounts of wholesale debt instruments ² of Issuer maturing between November 1, 2008 and April 30, 2009 ³	C: \$
125% of C	D \$

B or D, at Issuer's option = MAXIMUM PARTICIPATION LIMIT	\$
--	-----------

¹ Follow instructions set out in Annex 2 of the Term Sheet to calculate Canadian deposit liabilities.

² See Annex A for definition.

³ See Annex A for detail.

Annex A
to
Maximum Participation Limit Worksheet
Wholesale Debt Instruments⁴ of Issuer Maturing
Between November 1, 2008 and April 30, 2009

ISIN	Issue Date	Maturity	Currency	Aggregate Face Amount ⁵	Canadian Dollar Equivalent Amount ⁶
				Total CAD Amount	\$

⁴ These are marketable debt instruments issued by the Issuer, denominated in any currency and bearing an ISIN, and including covered bonds guaranteed by the Issuer, but not including other asset-backed securities, whether issued by the Issuer or by a special-purpose vehicle sponsored by the Issuer.

⁵ Use the total stated principal amount of instruments issued on an interest-bearing basis and the stated face amount or par value for instruments issued on a discount basis.

⁶ To calculate Canadian Dollar Equivalent Amount, use the Bank of Canada noon rates for the relevant currency as of October 31, 2008 available at < <http://www.bankofcanada.ca/en/rates/exchange-look.html>>

Schedule 3.3 – Form of Auditor’s Report

[date]

Department of Finance Canada
20th Floor, East Tower
L’Esplanade Laurier
140 O’Connor Street
Ottawa, Ontario K1A 0G5

Attention: Assistant Deputy Minister
Financial Sector Policy Branch

Fax No: (613) 952-1596

Dear Sirs/Mesdames:

Review Engagement Report - Canadian Lenders Assurance Facility

We have reviewed [*Name of Issuer*] (the “Issuer’s”) calculation of the Maximum Participation Limit as defined in the Canadian Lenders Assurance Facility Participation Agreement with Her Majesty the Queen in Right of Canada as Represented by the Minister of Finance dated _____, 200_, as set out in the Maximum Participation Limit Worksheet annexed to the Issuer’s Participation Application thereunder dated [*Date of Application*]. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the Issuer.

A review does not constitute an audit and, consequently, we do not express an audit opinion on this matter.

Based on our review, nothing has come to our attention that causes us to believe that the Issuer has not calculated the Maximum Participation Limit, based on [the maturing wholesale debt calculation] [the Canadian deposits calculation], in accordance with the calculations required in the Maximum Participation Limit Worksheet referred to above.

City: _____

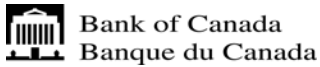
[*CHARTERED ACCOUNTANT*]

(signed).....

Date: _____

Schedule 4.1(2) – Form of Guarantee Certificate Application

(see attached)



**APPLICATION FOR GUARANTEE CERTIFICATE
CANADIAN LENDERS ASSURANCE FACILITY (CLAF)**

Attention: CLAF Administration
PSO, 2 East
234 Wellington Street,
Ottawa, Ontario
K1A 0G9

Telephone: 613 782-8177
Fax: 613 782-8655
Email address: CLAF-Administration@bankofcanada.ca

Date: _____
YYYY-MM-DD

ISSUER (Financial institution)			
Name of Issuer:	_____	Transit Number:	_____
	_____		_____

PROPOSED GUARANTEED INSTRUMENT			
ISIN:	_____	Maturity Date:	_____
			YYYY-MM-DD
Expected Issue Date:	_____	Maximum Aggregate Face Amount:	_____
	YYYY-MM-DD		
Currency:	_____	Coupon/Interest or Discount Rate ¹ :	_____
Instrument Type:	_____	Compounding Period:	_____

¹ If known.

Attach: (i) Preliminary Prospectus, Information Statement or other disclosure document (if available); (ii) specimen of Proposed Guaranteed Instrument; (iii) Certificate of Eligibility and (iv) legal opinion.

Issuer Contact Information	
Name: _____	Title: _____
Telephone Number: _____	Fax Number: _____
Email Address: _____	Billing Address: _____

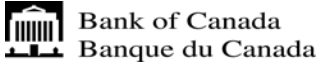
APPLICATION	
The Issuer hereby applies for a Guarantee Certificate under and as defined in the CLAF Participation Agreement between Her Majesty the Queen in Right of Canada as represented by the Minister of Finance and the Issuer in respect of the Proposed Guaranteed Instrument described above.	
Issuer Representative:	Date: _____
Name: _____	YYYY-MM-DD
Title: _____	

FOR BOC USE ONLY	
Ref. # (CLAF): _____	Approved by: _____ (FRO)
Guarantee Cert # _____	Other: _____

FORM #2464-11-2008

Schedule 4.3(2)(c) – Form of Certificate of Eligibility

(see attached)



Bank of Canada
Banque du Canada

**CERTIFICATE OF ELIGIBILITY
CANADIAN LENDERS ASSURANCE FACILITY (CLAF)**

Attention: CLAF Administration
PSO, 2 East
234 Wellington Street,
Ottawa, Ontario
K1A 0G9

Telephone: 613 782-8177
Fax: 613 782-8655
Email address: CLAF-Administration@bankofcanada.ca

**Re: Guarantee Certificate Application for
Proposed Guaranteed Instrument: ISIN _____**

- A. This certificate is given pursuant to section 4.3(2)(c) of the Canadian Lenders Assurance Facility Participation Agreement between ____[name of Issuer]____ (the "Issuer") and Her Majesty the Queen in Right of Canada as represented by the Minister of Finance (the "CLAF PA"). Capitalized terms used herein and not otherwise defined have the meanings given to them in the CLAF PA.
- B. This certificate accompanies an application (the "Application") dated the date hereof for a Guarantee Certificate in respect of the above-captioned Proposed Guaranteed Instrument (the "Instrument").

I, the undersigned, ____[name of officer]____, hereby certify for and on behalf of the Issuer and without personal liability as follows:

- 1. I am the duly authorized ____[position]____ of the Issuer and as such have knowledge of the matters certified to herein.
- 2. The Instrument is an Eligible Instrument as defined in the CLAF PA.
- 3. The issuance of the requested Guarantee Certificate for the Guaranteed Amount requested would not cause the aggregate Guaranteed Amount of the Issuer to exceed the Participation Limit of the Issuer as of the date hereof. Attached as Exhibit I to this Certificate is a worksheet setting out calculations in support of the foregoing statement.

Dated _____, 200_.

Name:
Title:

Exhibit I

Participation Limit Worksheet

		CAD	USD	GBP	EUR	YEN	Canadian Dollar Equivalent Amount ⁷
	Aggregate Guaranteed Amounts of all Guaranteed Instruments Outstanding (See Annex A)						A \$
	Canadian Dollar Equivalent Amount of A						B \$
C	Proposed Guaranteed Instrument Aggregate Face Amount						
	Canadian Dollar Equivalent Amount of C						D \$
	Participation Limit						E \$
F	B + D						F \$
G	Is $E \geq F$? <input type="checkbox"/> Yes <input type="checkbox"/> No						

⁷ Using Bank of Canada noon rate on the Business Day preceding the date of this application.

**Annex A
to Exhibit I**

Guaranteed Instruments Outstanding⁸

	Issuer Name	ISIN	Issue Date	Maturity	Aggregate Face Amount⁹	Canadian Dollar Equivalent Amount¹⁰
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
14.						
15.						
16.						
17.						
18.						
19.						
20.						
	Total CAD Amount					\$

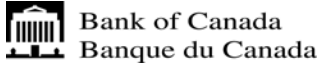
⁸ As of date of Guarantee Certificate Application.

⁹ Indicate currency and Aggregate Face Amount (principal amount or face value).

¹⁰ Using Bank of Canada noon rate on the Business Day preceding the date of this application.

Schedule 4.4(6) – Form of Confirmation of Issuance

(see attached)



**CONFIRMATION OF ISSUANCE
CANADIAN LENDERS ASSURANCE FACILITY (CLAF)**

Attention: CLAF Administration
PSO, 2 East
234 Wellington Street,
Ottawa, Ontario
K1A 0G9

Telephone: 613 782-8177
Fax: 613 782-8655
Email address: CLAF-Administration@bankofcanada.ca

Date: _____
YYYY-MM-DD

CLAF Guarantee Certificate Number: _____

ISSUER (Financial institution)			
Name of Issuer:	_____	Transit Number:	_____

GUARANTEED INSTRUMENT			
ISIN:	_____	Maturity Date:	_____
			YYYY-MM-DD
Actual Issue Date:	_____	Actual Aggregate Face Amount:	_____
	YYYY-MM-DD		
Currency:	_____	Instrument Type:	_____
Total gross proceeds of issue:	_____	Coupon/Interest Payment Date(s):	_____
			YYYY-MM-DD
Coupon/Interest or Discount Rate:	_____	Compounding Period:	_____

Attach Final Prospectus, Information Statement or other disclosure document

Issuer Contact Information	
Name: _____	Title: _____
Telephone Number: _____	Fax Number: _____
Email Address: _____	Billing Address: _____

CERTIFICATION AND AUTHORIZATION

I hereby certify for and on behalf of the Issuer that the above information is true and accurate and that the terms and conditions of the Guaranteed Instrument described above are the same in all material respects as those described in the Issuer's application for the above-captioned Guarantee Certificate except for any variances that have been approved by the Minister of Finance. I hereby authorize the issuance of the invoice for such Guarantee Certificate as agreed to in the CLAF Participation Agreement.

Issuer Representative: Name: _____ Title: _____ Date: _____
YYYY-MM-DD

FOR BOC USE ONLY

A	_____	B	_____	C	_____	D	_____
E	_____	F	_____				

Form #2465-11-2008