

<i>Form of Mortgage</i>	<i>Applicable Interest Rate</i>	<i>Explanation</i>
Fixed Rate Mortgage	Fixed Interest Rate	This rate will not vary over the term of the Mortgage
Variable Rate Mortgage	Variable Interest Rate	This rate gets adjusted as the Prime Rate rises or falls
<i>RateCapper</i> Mortgage	Variable Interest Rate	Like a Variable Rate Mortgage, this rate can rise or fall, but will not rise above a set limit, known as the <i>RateCapper</i> Maximum Rate

At the date of this Guarantee, the Interest Rate is a

Delete the inapplicable options. Include option 3 for RateCapper Mortgages only.

1. fixed rate of []% per year, calculated semi-annually not in advance.
2. variable rate equal to our Prime Rate plus a premium/less a discount of []% per year, calculated monthly not in advance.
3. The RateCapper Maximum Rate is [] per year, calculated monthly not in advance.

This calculation is more fully explained in the Mortgage.

- (g) **Loan** means all debts and liabilities payable to us by the Borrower under the Mortgage;
- (h) **Mortgage** means the legal agreement between us and the Borrower in which the Borrower gives us rights over the Property as collateral for the Loan described in the Mortgage. "Mortgage" also includes any other documents attached to the legal agreement as schedules and any documents amending the Mortgage. In Alberta it includes the Standard Mortgage Terms filed by Royal Bank of Canada as filing number [], as well as the document that the Borrower signed to give us the Mortgage, which is registered in the land title office. Here is a summary of the terms of the Mortgage as of the date of this Guarantee:

Principal Amount: \$[]
Initial term: []

- (i) **Outstanding Amount** means the total amount remaining to be paid on the Mortgage at any time, and it includes the portion of the Principal Amount that remains unpaid, interest, additional amounts advanced and amounts we have paid because the Borrower has not kept a Promise;

- (j) **Prime Rate** means the annual rate of interest announced by Royal Bank of Canada from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada. Our notices of the Prime Rate will be conclusive.
- (k) **Principal Amount** means \$ [redacted], which is the amount that we originally lent, or will be lending, to the Borrower;
- (l) **Property** means [insert municipal address]. This is the land described in the Mortgage, and includes any buildings constructed on the land and anything attached or fixed to the land or buildings. It also includes any future building, addition, attachments or fixtures (fixtures includes things such as furnaces) to the land or buildings and, in the case of a leasehold title, the lease, except for the last day of the term of the lease, and any other interest, right, option or benefit set out in the lease;
- (m) **We, us and our mean** [redacted], the financial institution making the loan described in the Mortgage;
- (n) **You** means the guarantor of the Borrower's promises or obligations in the Mortgage and includes each person who has signed or is bound by this Guarantee.

WHAT THE GUARANTEE COVERS

1. In return for us lending up to the Principal Amount to the Borrower, and for other good and valuable consideration, which you acknowledge having received, you agree to perform the Guaranteed Obligations in the manner set out in this Agreement if the Borrower does not do so. The Guaranteed Obligations include:

- (a) Payment of Guaranteed Amounts. You agree to pay to us the Guaranteed Amounts together with interest on the Outstanding Amount at the Interest Rate on the days and at the times the Borrower is required to pay them under the Mortgage; and
- (b) Performance of the Guaranteed Promises. You agree to keep all of the Borrower's other promises in the Mortgage.

You agree to meet the Guaranteed Obligations in the manner set out in this Agreement if the Borrower does not do so, immediately after we send you a letter asking you to do so.

INDIVIDUAL AND COLLECTIVE OBLIGATIONS

2. If there is more than one Guarantor, each of you will be jointly and severally liable with all the others for keeping all the Guaranteed Obligations. By way of explanation, the term “jointly and severally” means that if there is more than one Guarantor, each is collectively and individually liable with all others for keeping all the Guaranteed Obligations.

PRINCIPAL DEBTOR

3. If we cannot legally recover any Guaranteed Amounts from you as a guarantor of the Guaranteed Obligations, we still have the right to collect those amounts from you just as if we had loaned those amounts directly to you as a principal debtor. We can do this even if we cannot recover those amounts from the Borrower for any reason or if the Borrower does not owe us those amounts for any reason or has a valid defence against paying us. For example, if for any reason we are prevented from enforcing any of our rights against the Borrower under the Mortgage, such as the right to be paid the full Outstanding Amount immediately if the Borrower breaks any of the Guaranteed Obligations, you agree to pay us the amount that we would have been able to collect if we had been able to enforce our rights. However, by saying that we have the right to collect certain amounts from you as if we had loaned those amounts to you, we do not intend to give you the same rights that a borrower would have against a lender. Instead, your legal defences against a claim under this Guarantee will still be the same as the defences that you would have as a guarantor, except for the defences that you have waived in this Guarantee.

RIGHT TO PREPAY

4. If the term of the Mortgage is more than five (5) years, the *Interest Act* (Canada) permits the Borrower to prepay the Mortgage after more than five (5) years have passed from the date of the Mortgage, provided that three (3) months further interest is paid. You agree that if you or the Borrower ever take advantage of this prepayment right, the date of the Mortgage will be the date on which the term of the Mortgage started, but if the Mortgage is renewed or extended, you agree that the date of the Mortgage will then be the date of the renewal or the extension agreement and that the five year period will start to run from the date of the renewal or the extension agreement, not the original date, even though legally it is still considered to be the same Mortgage.

ACTIONS NOT TO AFFECT LIABILITY

5. This Guarantee will be valid despite the fact that we take any of the following actions, and even if we have not told you beforehand or asked for your consent. We may:

- (a) give the Borrower more time to make the payments or perform any of the Guaranteed Obligations, or waive the Borrower’s obligation to keep any of the Guaranteed Obligations;

- (b) extend or renew the term of the Mortgage, whether or not these extensions or renewals include a change in any Guaranteed Obligations, such as the interest rate, and whether these extensions or renewals are by way of a written agreement with the Borrower or otherwise (for example, if we automatically renew the Mortgage) and whether these extensions or renewals result in a new mortgage that replaces the Mortgage;
- (c) change the rate of interest in the Mortgage, either during the initial term or in any renewal or extension of the term, whether by increasing or decreasing the rate, changing the reference rate by which the rate is calculated, changing from a fixed rate to a variable or floating rate or the reverse;
- (d) shorten or lengthen the amortization period of the Mortgage;
- (e) change any other Guaranteed Obligations in the Mortgage;
- (f) release all or any part of the Property described in the Mortgage or any other security for the Loan;
- (g) advance additional amounts of principal to the Borrower under the Mortgage;
- (h) permit the Borrower to prepay all or part of the Mortgage or to skip one or more regular payments or to make multiple payments on any scheduled payment date under the Mortgage, whether these pre-payments, skipped payments or multiple payments are allowed in the Mortgage or not;
- (i) accept any proposals or offers from the Borrower or otherwise deal with the Borrower or any other person (including you or any other guarantor), with any security, including the Mortgage, and with the Property described in the Mortgage and other security, as we see fit;
- (j) release or discharge a Borrower or any one of you or any other person who has guaranteed the Borrower's obligations under the Mortgage;
- (k) release any subsequent owner of the Property from any liability under the Guaranteed Obligations or not require any subsequent owner to assume any of these liabilities.

None of these actions shall affect your promises under this Guarantee, even if these actions increase or otherwise change the Guaranteed Obligations or increase or change your risk under this Guarantee. When we use the term "Guaranteed Obligations", we mean both the original Guaranteed Obligations and the Guaranteed Obligations (including repayment of any additional amounts advanced to the Borrower under the Mortgage) after they have been changed

or varied by any of the above actions, even if you have not consented to these changes and without any further action being necessary by the Borrower.

PROMISES UNAFFECTED

6. Your promises under this Guarantee will not be affected by any of the following:
- (a) the disability, legal incapacity or death of the Borrower or any other guarantor or person or you;
 - (b) the fact that any of the Guaranteed Obligations in the Mortgage are not valid or legally binding;
 - (c) any defect in title to the Property;
 - (d) any release of the Guaranteed Obligations, unless payment in full has been received for all Outstanding Amounts and all Guaranteed Obligations have been satisfied;
 - (e) we obtain a court order against the Borrower, or we take any steps (or failing to take any steps) to exercise our rights under or realize on the Mortgage, or we exercise any legal remedy or rights that we have acquired from or against the Borrower or any other person, their assets or other property or by us releasing or maintaining any security, right or remedy;
 - (f) any change in law which might affect any terms of the Mortgage or this Guarantee, or you or the Borrower;
 - (g) any failure by us to enforce our rights under the Mortgage or other security;
 - (h) any failure by us to take any steps necessary to make sure the Mortgage, or any other security relating to the Mortgage, is enforceable or is perfected as against other creditors, and to exercise our rights, even if that failure is due to our neglect or otherwise;
 - (i) any other actions, circumstances or occurrences, whether or not you receive notice about them, which may change your risk or the Guaranteed Obligations, or under which the law or equity would otherwise release you from performance of the Guaranteed Obligations, even if they are not listed above.

Each of you signing this Guarantee understands and agrees that your promise to perform

the Guaranteed Obligations is absolute and unconditional. This means that you will in all circumstances perform the Guaranteed Obligations as well as your other promises given in this Guarantee.

WAIVER OF SUBROGATION

7. Until all the Guaranteed Obligations have been fully and finally satisfied, you shall not have the right to take over any of the legal rights that we have under the Guarantee, Mortgage or any other security agreement against the Borrower and you will not ask the Borrower to reimburse you for amounts you have paid out under this Guarantee. This means that you do not have the right to “stand in our shoes” and exercise our rights against the Borrower, even if you make a payment under the Guarantee, and you will not be able to recover anything from the Borrower, until we are paid in full by the Borrower and the Borrower has kept all of his/her/its Guaranteed Obligations.

CONTINUING GUARANTEE

8. You will remain responsible for payment and performance of the Guaranteed Obligations if, after you have paid us a Guaranteed Amount or kept a Guaranteed Promise, your payment or performance is cancelled or taken back from us for any reason, including your bankruptcy or insolvency or the bankruptcy or insolvency of the Borrower.

NO OBLIGATION TO ENFORCE

9. We can demand payment or performance of the Guaranteed Obligations at any time before we try to get the Borrower to keep any Promise or make any payments. You also waive your right to ask us to look to the Borrower, the Property or any of the Borrower’s other property in satisfaction of the Guaranteed Obligations.

If there is more than one Guarantor, each is liable for all the Guaranteed Obligations and you do not have the right to pay only a pro rated share of the Guaranteed Obligations.

The Guarantee and the Guaranteed Obligations are in addition to and not in substitution for any other guarantee and any other promises you or anyone else has given us.

TERMINATION OF LIABILITIES

10. Your liabilities under the Guarantee will continue if the Borrower sells the Property, unless we decide at our discretion to release you from your performance of the Guaranteed Obligations.

INDEMNITY

11. You agree to indemnify and reimburse us for all losses, damages, costs and expenses

(including our legal costs on a solicitor and his own client basis) we may suffer or incur by reason of:

- (a) the Borrower's failure to pay any amount under the Mortgage, even if the Borrower has a good defence against us or a valid reason for not paying the amount to us;
- (b) the Borrower's failure to perform any of the Guaranteed Promises under the Mortgage or any other security for the Loan; or
- (c) any act, action or legal proceeding we may make or take or related to the recovery of any sums of money that you owe us under this Guarantee or the performance of any of the Guaranteed Obligations.

This indemnity is different from the Guarantee that you have given us. It is not a guarantee, because it is a separate legal obligation to reimburse us for certain losses which we can enforce against you even if the Guarantee itself cannot be enforced.

WHO IS BOUND BY THIS GUARANTEE

12. This Guarantee binds every one who signs it regardless of when the signature is written. The fact that one or more of the parties does not sign the Guarantee even though there is a signature line for such party does not invalidate the rest of the Guarantee for the parties who do sign.

NOTICE

13. You agree that we can deliver to you any letter or notice under this guarantee, or any notice required by law, at the address that you may indicate to us from time to time, or at the last known address that we have for you, and such notice will be deemed delivered to you (a) if delivered, on the date on which it was delivered; (b) if mailed by regular mail, on the date it was posted in the post office. In case of doubt, any notice may be validly served on you at the address of the Property.

SUCCESSORS AND ASSIGNS

14. Your obligations will also be those of your heirs, executors, administrators, personal representatives, successors and assigns. Your obligations will not be altered by either your bankruptcy or that of the Borrower.

CHOICE OF LAW

15. This Guarantee shall be governed by the laws of the province or territory in which the Property is situated. While we may choose to take legal action against you or under this Guarantee in the court of any province or territory in Canada, each of you agrees that the courts

of the province or territory in which the Property is situated shall have jurisdiction over each of you and over any matter arising out of this Guarantee.

PARTIAL INVALIDITY

16. If any provision of this Guarantee is illegal or unenforceable, it will not affect the validity or enforceability of the other provisions.

HEADINGS

17. Paragraph and section headings do not form part of this Guarantee, but are used only for easy and convenient reference. They do not affect the construction or interpretation of the Guarantee.

RECEIPT OF COPY

18. You acknowledge receipt of a copy of this Guarantee, the Mortgage and the Standard Charge Terms , if any, applicable to the Mortgage.

IN WITNESS WHEREOF each Guarantor has executed this Guarantee under seal on

(month) (day) (year)

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF

Witness

[Name of Guarantor] (seal)

Witness

[Name of Guarantor] (seal)

Witness

[Name of Guarantor] (seal)

(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta and the guarantor is not a corporation)

**THE GUARANTEES ACKNOWLEDGEMENT ACT (ALBERTA)
CERTIFICATE OF NOTARY PUBLIC**

I HEREBY CERTIFY THAT:

(1) _____ of _____

(guarantor)

in the Province of _____, the guarantor in the guarantee dated _____,

made between **ROYAL BANK OF CANADA/ROYAL TRUST CORPORATION OF CANADA** *[delete the inapplicable wording]* and _____,

(guarantor)

to which this certificate is attached or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee; and

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

Given at _____ this _____, _____ under my hand and seal of

(month) (day) (year)

office.

(SEAL OF NOTARY PUBLIC)

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF ALBERTA

(Guarantor to sign in presence of Notary Public)

STATEMENT OF GUARANTOR

I am the person named in the certificate _____

Signature of Guarantor

(To be completed when the guarantee is stated to be governed by the laws of the Province of Saskatchewan, the guarantor is an individual and the borrower is a farmer or owns farm assets in Saskatchewan)

**THE SASKATCHEWAN FARM SECURITY ACT
ACKNOWLEDGEMENT OF GUARANTEE (SECTION 31)
CERTIFICATE OF LAWYER OR NOTARY PUBLIC**

I HEREBY CERTIFY THAT:

(1) _____ of _____
(guarantor)

in the Province of _____, the guarantor in the guarantee dated _____
made between **ROYAL BANK OF CANADA/ROYAL TRUST CORPORATION OF CANADA** [*delete the
inapplicable wording*] and _____,
(guarantor)

to which this certificate is attached or noted upon, appeared in person before me and acknowledged that he/she had executed this guarantee.

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

(3) I have not prepared any documents on behalf of the creditor, [Royal Bank of Canada][Royal Trust Corporation of Canada], relating to the transaction and I am not otherwise interested in the transaction.

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at _____ this _____, _____ under my hand and
(month) (day) (year)
seal of office.

(SEAL REQUIRED WHERE NOTARY
PUBLIC SIGNS CERTIFICATE)

A LAWYER OR NOTARY PUBLIC IN AND FOR
THE PROVINCE OF _____
Being a lawyer
-or-
My commission expires: _____
(dd/mm/yy)

(Guarantor to
sign in
presence of
Lawyer/Notary
Public)

STATEMENT OF GUARANTOR

I am the person named in the certificate _____
Signature of Guarantor