



## GUARANTEE (Fixed Rate)

### TERMS YOU NEED TO KNOW

In this document, the terms below have the following particular meanings:

- (a) **Credit Document** means any present or future agreement between us and the Customer in which the Customer promises to pay us money that the Customer owes us, including agreements for loans, credit cards, lines of credit, mortgages and bank accounts and also agreements like this one in which the Customer guarantees the payment to us of someone else's debts;
- (b) **Customer** means [insert Customer's name(s)], the person or persons who owe us money (either now or in the future) under any Credit Document;
- (c) **Customer Debts** means all debts and liabilities payable to us by the Customer (either now or in the future) under any Credit Document, including the principal and interest payable on loans, outstanding credit card balances, lines of credit, mortgages or overdrafts, and costs, fees or service charges that we charge for giving credit (for example, a loan or line of credit) or providing other services to the Customer, and any other amounts that the Customer promises to pay to us under a Credit Document such as lawyers' fees, whether the sums of money are owing now or in the future, directly or indirectly, absolutely or contingently, and whether the amounts are due now or at some time in the future and whether the amounts are incurred or arising inside Canada or anywhere else;
- (d) **Guarantee** means your agreement with us contained in this document, and if this document is changed in any way, "Guarantee" refers to the amended, supplemented or restated document;
- (e) **Guaranteed Amounts** means the amounts that you agree to pay to us under this Guarantee. These amounts include the Customer Debts and interest at the Interest Rate on any amounts that you do not pay us when we demand that they be paid;
- (f) **Guaranteed Obligations** refers to the Customer's obligations to pay all Customer Debts;
- (g) **Interest Rate** means the annual rate of interest that we charge you on amounts that you owe to us under this Guarantee. The Interest Rate is [insert rate];
- (h) **We** means Royal Bank of Canada, the financial institution to which the Customer owes money under any Credit Document. This definition also includes "us" and "our";
- (i) **You** and **your** mean every person who guarantees the Guaranteed Obligations under this Guarantee and includes each person who has signed or is bound by this Guarantee.

In this Guarantee, when we use words such as "includes" or "including" followed by a list, we mean that the listed items are just some examples of what we are referring to, but there may also be other examples as well that we have not listed.

**EACH OF YOU AGREES WITH US TO THE FOLLOWING TERMS AND CONDITIONS:**

**WHAT THE GUARANTEE COVERS AND WHAT YOU MUST PAY**

1. In return for our making loans to the Customer or giving other forms of credit to the Customer, you promise to pay all the Customer Debts that the Customer may owe us from time to time if the Customer does not make these payments and if we send you a letter demanding payment from you. However, the maximum amount of Customer Debts that you must pay is \$[insert dollar limit]. (This amount may include unpaid interest or other charges owing by the Customer; and as we explain below, if your payment to us is overdue, we will charge you interest on the overdue amount at the Interest Rate.) For example, if we demand payment of a loan that the Customer has with us under a Credit Document and the Customer does not pay us the full amount owing, we can demand that you pay us the balance of Customer Debts owing (which may include principal, interest, fees and other amounts), but not more than the maximum amount of Customer Debts stated in the previous sentence. You also promise that if you do not pay us the amount that we demand on or before the date specified in the demand letter, you will also pay us interest on the overdue amount from the date of demand for payment at an annual rate of interest equal to the Interest Rate, calculated monthly and not in advance, both before and after we obtain a court judgment against you.

**PRINCIPAL DEBTOR**

2. If we cannot recover all or any portion of the Guaranteed Amounts from you as a guarantor of the Guaranteed Obligations, we still have the right to collect those amounts from you as a principal debtor. This means you are directly liable for the Guaranteed Amounts. We can do this even if we cannot recover the Customer Debts from the Customer for any reason or if the Customer 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 Customer under any Credit Document, such as the right to be paid the full outstanding amount of the Customer Debts immediately if the Customer does not pay this amount, you agree to pay us the amount that we would have been able to collect if we had been able to enforce our rights against the Customer. However, by saying that we have the right to collect certain amounts from you as if you owed us those amounts directly, we do not intend to give you the same rights that the Customer would have against us as a lender. Instead, your legal defences against a claim under this Guarantee will be the same as the defences that you would have as a guarantor, except for any defences that you have waived in this Guarantee in Sections 3, 4 and 6.

**ACTIONS NOT TO AFFECT LIABILITY**

3. This Guarantee will still be valid despite the fact that we take any of the following actions (which otherwise may provide a defence to any claim under this Guarantee), and even if we have not told you beforehand or asked for your consent. We may:

- (a) give the Customer more time to pay the Customer Debts, or waive the Customer's obligation to make a payment;
- (b) extend or renew the term of any Credit Document, whether or not these extensions or renewals include a change in any of the Guaranteed Obligations, and whether or not these extensions or renewals are by way of a written agreement with the Customer or otherwise (for example, if we automatically renew any Credit Document), and whether these extensions or renewals result in a new agreement that completely replaces any Credit Document (referred to in law as novation of contract);

- (c) change the rate of interest under any Credit Document, 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 or changing from a fixed rate to a variable or floating rate or the reverse;
- (d) increase or decrease the credit limit for the Customer under any Credit Document;
- (e) stop making or refrain from making advances to the Customer under any Credit Document;
- (f) shorten or lengthen the amortization period of a loan made under any Credit Document;
- (g) change any other Guaranteed Obligations in any Credit Document;
- (h) release or discharge all or any part of the security providing collateral for any Customer Debts;
- (i) permit the Customer to borrow, repay, and re-borrow Customer Debts under Credit Documents;
- (j) permit the Customer to prepay all or part of any Customer Debt or to skip one or more regular payments or to make multiple payments on any scheduled payment date under a Credit Document, whether these pre-payments, skipped payments or multiple payments are allowed in the Credit Document or not;
- (k) accept any proposals or offers from the Customer or otherwise deal with the Customer or any other person (including you or any other guarantor), with any security documents, including any Credit Document, and with the collateral described in any Credit Document and other security for Customer Debts, as we see fit; or
- (l) release or discharge a Customer or any one of you or any other person who has guaranteed the Customer's obligations under any Credit Document.

None of these actions will 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 Customer under any Credit Document) after they have been changed or varied by any of the above actions, even if you have not consented to these changes, without any further action being necessary.

**PROMISES UNAFFECTED**

4. Your promises under this Guarantee will not be affected by any of the following (which otherwise could provide a defence to any claim under this Guarantee):

- (a) if any of the Guaranteed Obligations in any Credit Document are not valid or legally binding;
- (b) if any of the Guaranteed Obligations are released, unless payment in full has been received for all Customer Debts incurred by the Customer under a Credit Document and all the Guaranteed Obligations have been satisfied; however, if the Customer has a revolving line of credit, credit card account or similar account with us where the balance fluctuates, we do not consider the Guaranteed Obligations to be satisfied even if the balance goes down to zero, and in that case this Guarantee continues to apply to any further Customer Debts incurred by the Customer under the Credit Document;

- (c) if we obtain a court order against the Customer, or we take any steps (or fail to take any steps) to exercise our rights under any Credit Document, or we exercise any legal remedy or rights that we have acquired from or against the Customer or any other person, their assets or other property, or if we release or maintain any security, right or remedy;
- (d) if you or the Customer becomes insolvent or goes bankrupt;
- (e) if there is a change in any law which might affect any terms of any Credit Document or this Guarantee, or you or the Customer;
- (f) if we fail to enforce our rights under any Credit Document or any other security that provides collateral for any Customer Debts;
- (g) if we do not take any steps necessary to make sure that any Credit Document, or any other security that provides collateral for any Customer Debts is enforceable or is perfected as against other creditors, or to entitle us to exercise our rights, even if that failure is due to our negligence or otherwise;
- (h) if any of you or the Customer dies or becomes disabled or legally incapacitated;
- (i) where the Customer is a corporation, if the Customer is dissolved, is continued into another jurisdiction or merges into some other corporation or legal entity or if the Customer does not have the legal power to enter into a Credit Document or changes its name; or
- (j) if any other actions, circumstances or occurrences happen, 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 the Guaranteed Obligations, even if they are not listed above.

Each of you signing this Guarantee agrees that your promise to pay the Guaranteed Amounts will not be affected even if we knew of any of the actions, circumstances or occurrences listed above.

Each of you signing this Guarantee understands and agrees that your promise to pay the Guaranteed Amounts is absolute and unconditional.

#### **APPLICATION OF PAYMENTS**

5. If this Guarantee covers more than one Customer Debt, we have the right to apply the amounts that you pay under this Guarantee to any of those Customer Debts in whatever order or amounts that we choose.

#### **WAIVERS OF CERTAIN RIGHTS**

6. This Guarantee is a guarantee of the final unpaid balance of all the Customer Debts. Until all the Customer Debts have been fully and finally paid, you will not have the right to take over any of the legal rights that we have under the Guarantee or any other Credit Document against the Customer and you will not ask the Customer 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 Customer, even if you make a payment under the Guarantee, and you will not be able to recover anything from the Customer, until we are paid in full. In addition, even if we receive payments from the Customer or proceeds from selling collateral that we have for the Customer Debts or payments out of the Customer’s assets divided among creditors if the Customer goes bankrupt, none of these will reduce your obligations under this Guarantee until all the Customer Debts have been fully and finally paid.

**NO RIGHT OF SET OFF**

7. Payments to us under this Guarantee must be made without any deduction, set off or counterclaim of any kind against us or the Customer. For example, even if we owe you or the Customer money, you cannot deduct or hold back that amount from the payment that you have to make to us.

**OUR ACCOUNTS CONCLUSIVE**

8. You agree to be bound by any account that we settle with the Customer. If we have not settled the account before we demand payment under this Guarantee, you agree to accept as conclusive our statement to you of the amount of the Customer Debts that the Customer owes us on the date we demand payment from you. You also agree to accept as conclusive any subsequent statement we make to you of the amount of the Customer Debts at that time.

**CONTINUING GUARANTEE**

9. You will still be responsible for payment of the Guaranteed Amounts if, after you have paid us a Guaranteed Amount, your payment is cancelled or taken back from us for any reason, including your bankruptcy or insolvency or the bankruptcy or insolvency of the Customer.

**NO OBLIGATION TO ENFORCE**

10. We can demand payment of the Guaranteed Amounts from you at any time even if we have not tried to get the Customer to pay the Customer Debts. If there are other guarantees of the Customer Debts or we have security that provides collateral for them, we do not have to demand payment from the other guarantors or go against the security before we can demand payment of the Guaranteed Amounts from you. If you have given us another guarantee or other security for the Customer Debts, you agree that this Guarantee is additional security and is not given as a substitute for any other guarantee or security. You agree to pay the Guaranteed Amounts independently of any other promises you or anyone else has given us and you do not have the right to ask us to look to the Customer, any of the Customer's property or any other person in satisfaction of the Guaranteed Obligations.

**OUR RIGHT TO SUE**

11. If you do not pay us the Guaranteed Amounts that we demand from you under this Guarantee, we have the right to sue you to recover those amounts. However, we agree not to sue you under this Guarantee unless we have first sent you a letter at the last address that we have on our records demanding that you pay the Guaranteed Amounts that we claim are owing to us and you do not pay us within the time stated in the letter.

**INDEMNITY**

12. You agree to indemnify (that is, compensate and reimburse) us for all losses, damages, costs and expenses we may suffer or incur because of:

- (a) the Customer's failure to pay any Customer Debts under any Credit Document, even if the Customer has a good defence against us or a valid reason for not paying the amounts to us; or
- (b) any act, action or legal proceeding we may make or take in relation to the recovery of any sums of money that you owe us under this Guarantee.

These costs and expenses include all legal fees and disbursements that we have to pay to enforce our rights against you or the Customer (often referred to as our costs on a “substantial indemnity basis” a “solicitor and own client basis”). 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 that we can enforce against you even if the Guarantee itself cannot be enforced.

#### **WHO IS BOUND BY THIS GUARANTEE**

13. This Guarantee binds every party 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 the party(ies) does not invalidate the Guarantee for the parties who do sign.

#### **INDIVIDUAL AND COLLECTIVE OBLIGATIONS**

14. If there is more than one Guarantor, each Guarantor is jointly and severally liable with all the others for paying the Guaranteed Amounts. 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 paying all the Guaranteed Amounts. This means that each is liable for the full amount of the Guaranteed Amounts and you do not have the right to pay only a pro rated share of the Guaranteed Amounts. For example, if the maximum amount of the Guarantee is \$100,000 and there are three other Guarantors, we can demand that you pay the full \$100,000, not just \$25,000.

#### **TERMINATION OF YOUR OBLIGATIONS**

15. This Guarantee will remain in effect and you will be liable for all Guaranteed Amounts until you receive a written release or discharge signed by us. You may terminate your obligation to pay the Customer Debts under this Guarantee by sending us a letter telling us that you will no longer be responsible for any further Customer Debts that the Customer incurs. However, you will still continue to be responsible under this Guarantee for all Customer Debts incurred before we receive the letter and any additional Customer Debts incurred during the 30 days after we receive the letter. The letter must be sent to our branch from which the Customer obtained credit.

#### **SUCCESSORS AND ASSIGNS**

16. Your heirs, executors, administrators, personal legal representatives, successors and assigns will have the same obligations as you have under this Guarantee. This Guarantee is for our benefit as well as the benefit of our successors and assigns.

#### **ALL AGREEMENTS**

17. This Guarantee covers all Credit Documents and other agreements between us and the Customer. This Guarantee sets out all the terms of the agreement between you and us with respect to your guarantee of the Guaranteed Obligations and it overrides any statements or promises that we or any of our employees might have made to you, whether these were made verbally or in writing.

**CHOICE OF LAW**

18. This Guarantee and its interpretation are governed by the laws of the [insert province or territory]. Each of you agrees that the courts of [insert province or territory] will have jurisdiction over each of you and over any matter arising out of this Guarantee.

**PARTIAL INVALIDITY**

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

**HEADINGS**

20. 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.

**NOTICES**

21. Wherever this Guarantee requires a notice, demand, letter or other written communication to be sent to you, it will be regarded as having been sent at the time an envelope containing it addressed to you (or if there is more than one person signing this Guarantee anyone of you) at the last address that we have on our records, is deposited with the postal service. You agree to notify us immediately every time you change your address. Documents mailed to you will be considered to have been received by you by the fifth day after mailing.

**RECEIPT OF COPY**

22. You acknowledge that you have received a copy of this Guarantee.

**AS EVIDENCE OF THEIR AGREEMENT TO THE ABOVE** each Guarantor has executed this  
Guarantee under seal on

\_\_\_\_\_ (month) \_\_\_\_\_ (day) \_\_\_\_\_ (year)

SIGNED, SEALED AND DELIVERED  
IN THE PRESENCE OF

\_\_\_\_\_  
Witness

\_\_\_\_\_  
[Name of Guarantor]



\_\_\_\_\_  
Witness

\_\_\_\_\_  
[Name of Guarantor]



\_\_\_\_\_  
Witness

\_\_\_\_\_  
[Name of Guarantor]



*[for corporate guarantors]:*

\_\_\_\_\_  
Name of corporation

By: \_\_\_\_\_  
Name:  
Title:

I have authority to bind the corporation

® Registered trademark of Royal Bank of Canada.

(To be completed when the Guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the Guarantee is executed in Alberta, the Customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

**THE GUARANTEES ACKNOWLEDGMENT ACT, (ALBERTA)  
CERTIFICATE OF NOTARY PUBLIC**

I HEREBY CERTIFY THAT:

(To be completed only where guarantor is not a corporation)

(1) \_\_\_\_\_ of \_\_\_\_\_ in the Province  
(guarantor)  
of \_\_\_\_\_, the guarantor in the guarantee dated \_\_\_\_\_ made between  
ROYAL BANK OF CANADA and \_\_\_\_\_, which this certificate is attached  
(guarantor)  
to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(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 \_\_\_\_\_  
(month) (day) (year)  
under my hand and seal of office.

(Guarantor to sign in presence of Notary Public)

(SEAL OF NOTARY PUBLIC)

\_\_\_\_\_  
A NOTARY PUBLIC IN AND FOR

**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 and the Customer or guarantor is a farmer in Saskatchewan, or the farmer or guarantor 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 \_\_\_\_\_ in the Province  
(guarantor)  
of \_\_\_\_\_, the guarantor in the guarantee dated \_\_\_\_\_ made between  
ROYAL BANK OF CANADA and \_\_\_\_\_, which this certificate is attached  
(guarantor)  
to or noted upon, appeared in person before me and acknowledged that he/she had executed  
the 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,  
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 \_\_\_\_\_  
(month) (day) (year)

under my hand and seal of office

(SEAL REQUIRED WHERE NOTARY  
PUBLIC SIGNS CERTIFICATE)

\_\_\_\_\_  
A LAWYER OR A NOTARY PUBLIC IN AND FOR

\_\_\_\_\_

**STATEMENT OF GUARANTOR**

I am the person named in the certificate

\_\_\_\_\_  
Signature of Guarantor