



Do more. Be more. Achieve more.

3 to 1 Investment Loan Application

Investment Loans from \$50,000 to \$2,000,000 for personal, non-registered accounts

Please provide the following:

1. Completed Investment Loan Application (document in hand) which includes the Borrowing to Invest—Important Information form (page 13) signed by applicant(s) and advisor (signatures required on pages 11 and 13)
2. Personalized void cheque from the Personal Applicant(s) (for pre-authorized payments)
3. Statement showing the 25% client equity portion of the loan

For investment loans greater than \$1,000,000 up to \$2,000,000, also provide:

4. Proof of income:
 - Recent paystub (within past six weeks) OR two months recent direct deposit history OR current letter of employment
 - Most recent T1 General and CRA Notice of AssessmentProof of income if self-employed:
 - Last 2 years T1 Generals AND CRA Notice of Assessments

Note: If self-employed, we may also request most recent year-end accountant-prepared Business Financial Statements.
5. Copy of all current investment statements, both registered and non-registered (additional asset verification may be required)

Please provide the documents listed above to DUCA by fax, encrypted email, or mail:

Fax: 1-416-941-2140

Encrypted Email: specializedlenders@duca.com (Note: DUCA cannot accept unencrypted emails.)

Mail: DUCA Financial Services Credit Union, Specialized Lending, 4195 King Street East, Unit 110, Kitchener, ON N2P 0C1

Questions?

If you have any questions about a loan application, please contact DUCA Financial Services at 1-833-932-2016.

Note: Applicant(s) must establish a DUCA membership account prior to funding of the Investment Loan. If this is your first account with DUCA, we'll use the information you provide in this form to also open up a membership & savings account for you. Please refer to www.duca.com/assets/pdf/PersonalMemberAgreement.pdf for the Personal Member Agreement. We will also fund the \$1 Membership share on your behalf.

INSTRUCTIONS FOR COMPLETING INVESTMENT LOAN APPLICATION

Section 1: Cost of Borrowing Summary / Disclosure Statement

Principal Amount

The Principal Amount is the amount the Applicant wishes to borrow from DUCA to purchase eligible investment funds.

Annual Interest Rate

This is based on the Specialized Lending Base Rate (the Base Rate) plus an initial adjustment factor of 0.75%.

The Base Rate can be obtained by calling DUCA at 1-833-932-2016.

Term

For Principal and Interest Loans, indicate the term length. It can be any whole year from 10 to 20 years.

Payments

For Interest Only Loans, calculate the estimated payment: Principal Amount x Annual Interest Rate x 31/365

- For example: $\$100,000 \times 7.5\% \times 31/365 = \636.99

For Principal and Interest Loans, calculate the estimated payment: Principal Amount x Annual Interest Rate x 31/365 + (Principal Amount / term in months)

- For example: $\$100,000 \times 7.5\% \times 31/365 + (\$100,000/240) = \$1,053.65$

Please note the payment date for all investment loans will be the 1st of the month. If the date of this application is prior to or the 20th of the current month, use the 1st day of the next month as the first payment date. For applications dated after the 20th of the current month use the 1st day of the following month as the first payment date.

- For example, for the month of May, applications dated prior to or on May 20th use June 1st, and for applications dated after May 20th use July 1st.

Interest adjustments occur when the first payment date is greater than 31 days from the advance date of the loan. For purposes of this application, use an advance date of three days after the application date. Please enter the amount of interest adjustment based on the following circumstances:

- If the first payment is less than or equal to 31 days from the advance date, enter N/A.
- If the first payment is greater than 31 days from the advance date, calculate the number of days greater than 31 days from the advance date to the first payment date. Using this figure, calculate the interest adjustment as follows (example assumes the first payment date is 41 days after the advance date and therefore an interest adjustment period of 10 days):
 - Principal Amount x Annual Interest Rate x Number of days greater than 31 days / 365 days
 - For example: $\$100,000 \times 7.5\% \times 10/365 = \205.48

For Interest Only Loans, calculate the annual cost of borrowing: Principal Amount x Annual Interest Rate

- For example: $\$100,000.00 \times 7.5\% = \$7,500.00$

For Principal and Interest Loans, calculate the cost of borrowing: Principal Amount x Annual Interest Rate x (Term in months + 1)/24

- For example: $\$100,000 \times 7.5\% \times (240+1)/24 = \$75,312.50$

Section 2: Information on Applicant

This section of the application is used to collect personal details about the Applicant. Please complete all information.

Section 3: Information on Joint Applicant

If account/plan/policy is jointly owned, this section must be completed and all owners must sign the application.

Section 4: Other Information

Please complete this section for all loans. The application may not be approved if the Applicant is or has had the status of personal or corporate bankruptcy or filed a consumer proposal within the last six years. In this event, DUCA may require further details from the Applicant, and may approve on an exception basis.

Section 5: Assets and Liabilities

This section of the application is used to collect assets, liabilities and monthly payments.

Section 6: Loan Amount / Source of Funds

Please indicate the loan amount and source of funds.

Section 7: Security

Please indicate the Dealer Investment Account Number, Segregated Fund Policy Number or Segregated Fund Application Number of the account to be used for the proceeds of the loan. If CSV of Life Insurance Policy is used as equity, add the Life Insurance Policy Number as well. If the Dealer Investment Account Number is not known at the time of application it will be updated when known and the Applicant will initial the application at that time.

Section 8: Application for and Disbursement of Loan

Please review as this section authorizes and directs DUCA to advance upon approval the loan proceeds to the relevant Dealer.

Section 9: Personal and Credit Information Consent

Please ensure that the Applicant and any Individual Payor review this section before signing.

Section 10: For Accounts with Multiple Borrowers and Joint Account Holders Only

Primary borrowers will get a copy of the disclosure documents. Joint borrowers can indicate in this section to receive their own disclosure documents. Related to the savings account, the members can indicate in this section whether one signature is required or two signatures are required for transactions on the account.

Section 11: Acknowledgements and Signatures

Once the Loan Agreement has been completed the application must be dated and signed by all Applicants.

Section 12: Advisor Information

Please indicate the Advisor's name, DUCA representative code, address, telephone number and company name that Advisor is acting via (e.g., MGA, MFDA Dealer, IIROC Dealer, etc.).

Section 13: Advisor Assertions

Advisor must read, sign and date this section for all loans.

Section 14: DUCA Authorization

This section is to be signed by DUCA Lending Officers.

Borrowing to Invest—Important Information

Applicants and Advisors must read and sign this statement for all Investment Loans.

Loan Agreement, Privacy Disclosure Statement and Pre-Authorized Payment Authorization

Please review the Loan Agreement (with Cost of Borrowing Disclosure Statement / Disclosure Statement), Privacy Disclosure Statement and Pre-Authorized Payment Authorization attached to this Application, along with any links to online DUCA pages.

INVESTMENT LOAN APPLICATION (the “Application”)

For DUCA use only

Loan number:

Effective date (mm/dd/yy)

1. Cost of Borrowing Summary / Disclosure Statement

Principal Amount

\$

Annual Interest Rate

Currently%. (This interest is calculated daily and charged monthly.)

Determination of Interest

Your current interest rate is the Specialized Lending Base Rate (the Base Rate) today plus an adjustment factor of% per annum.

Today, the Base Rate is%.

Interest is charged at a variable per annum rate equal to the Base Rate plus an adjustment factor. The Annual Interest Rate will vary automatically if and when the Base Rate varies. For the current Base Rate, please call 1-833-932-2016.

Annual Percentage Rate

Same as the Annual Interest Rate above.

Term

Where payments are Interest Only, there is no fixed term. Where payments are comprised of principal and interest, the term is years (select from 10 to 20 years). Leave blank if no amortization.

Loans are fully open and can be repaid at any time.

Date of Advance

If the loan application is unconditionally approved, the Principal Amount will, without further notice, be advanced. Interest will start accruing on the day the Principal Amount is advanced.

Payments (see page 2 for details on how to complete)

Monthly Payments: \$ (add estimated payment amount)

The first payment will be due on (mm/dd/yy)

Payments are: ☐ Interest Only or ☐ Principal and Interest

Principal and interest payments are comprised of equal principal amounts plus variable interest.

Payments will continue to be due on the same day of every month. Payments could fluctuate with changes to the Annual Interest Rate.

Interest Adjustment Amount \$ (estimate)

Cost of Borrowing Amount \$ (for Interest Only, this is an annual amount)

Minimum Monthly Payment

For Interest-Only loans, the minimum monthly payment is the interest amount charged to the account each month. For Principal and Interest Loans, the minimum monthly payment is the principal amount plus the interest amount charged to the account each month. Note that principal and interest can be converted to interest only loans upon request, except for certain situations such as when an account is in margin breach.

Amortization Period

Same as the Term above.

Prepayment Privilege

The Principal Amount may be repaid in full at any time without penalty, provided the accrued interest is paid.

Monthly Statements

Monthly statements are available online through the DUCA website, unless you have indicated you want the statement mailed to you.

Default Charges

The Applicant must pay us a fee of \$45 (subject to change) if any cheque or other payment item is dishonoured due to insufficient funds (NSF). We may charge the Applicant for legal costs on a substantial indemnity basis and other expenses which we incur to enforce our Security (described below) and collect any amount that the Applicant owes us.

Security

The Applicant agrees that the security for the Account may include the following as determined by DUCA:

- A pledge of mutual funds shares or units which are held in a designated securities account (as defined below);
- An assignment in favour of DUCA of an insurance policy or annuity contract purchased from an eligible insurer;
- A securities control agreement for mutual funds shares or units which are held in a designated securities account; and
- An assignment in favour of DUCA of a deposit account or guaranteed investment certificate (GIC) held with an eligible bank, credit union or trust company.

Registration Fees

Any registration fees incurred with respect to the security granted by the Applicant or others to secure your indebtedness under the Account, and any other costs or administrative fees charged from time to time will be paid by the Applicant.

Withdrawal Fees

All withdrawals require the consent of DUCA. During the term of the loan, two (2) investment withdrawals per calendar year will be permitted without incurring a withdrawal fee. A fee of **\$100.00** will apply to any additional withdrawals in a calendar year. All fees are subject to change.

Annual Fees

Not applicable.

Other Fees / Charges

For other fees and charges that may apply and charged on the date that they occur, refer to the Service and Fee guidelines, which can be found at www.duca.com/rates.

Additional Information: If the Applicant requires information about the Account, the Applicant may call us toll free at 1-833-932-2016 during regular business hours.

2. Information on Applicant

☐ Mr. ☐ Mrs. ☐ Miss ☐ Ms. ☐ Other:

Marital Status: ☐ Married ☐ Common Law ☐ Never Married ☐ Widowed ☐ Separated ☐ Divorced

.....
Last Name

.....
First Name (Legal Name)

.....
Middle Initial

.....
Date of Birth (mm/dd/yy)

.....
Social Insurance Number

.....
Email Address

.....
Telephone Number

I consent to the use of my SIN number for the purpose of accurately obtaining my credit report(s). ☐ Yes ☐ No

Permanent Residence Address:

.....
Street

.....
City

.....
Province (ON only)

.....
Postal Code

.....
Years at Residence

Residential Status: ☐ Rent ☐ Own ☐ Live with parents ☐ Other (specify):

Previous Permanent Residence Address (required if years at current residence is less than 3 years):

.....
Street

.....
City

.....
Province

.....
Postal Code

.....
Years at Residence

Please provide one Canadian government issued photo ID verified in person:

☐ Canadian Driver's License ☐ Canadian Passport ☐ Canadian Citizenship Card (issued prior to 2012)

☐ Other Provincial/Canadian Photo ID (specify):

.....
Document Number

.....
Issuing Province/Territory

.....
Issue Date
(mm/dd/yy)

.....
Expiry Date
(mm/dd/yy)

.....
Date of Verification
(mm/dd/yy)

.....
Name of Employer

.....
Telephone
Number

.....
of Yrs/Mths
with Employer

.....
\$.....
Annual Income

.....
Industry

.....
Job Title

.....
Detailed Occupation

..... If Other, please specify:
Occupation Status

Employer Address:

.....
Street

.....
City

.....
Province

.....
Postal Code

If employed by Employer less than two years: Previous employer Yrs Mths

If there is more than one income type, please provide details on the last page of this application.

3. Information on Joint Applicant (if applicable)

☐ Mr. ☐ Mrs. ☐ Miss ☐ Ms. ☐ Other:

Marital Status: ☐ Married ☐ Common Law ☐ Never Married ☐ Widowed ☐ Separated ☐ Divorced

.....
Last Name First Name (Legal Name) Middle Initial

.....
Date of Birth (mm/dd/yy) Social Insurance Number Email Address Telephone Number

I consent to the use of my SIN number for the purpose of accurately obtaining my credit report(s). ☐ Yes ☐ No

Permanent Residence Address:

.....
Street City Province (ON only) Postal Code Years at Residence

Residential Status: ☐ Rent ☐ Own ☐ Live with parents ☐ Other (specify):

Previous Permanent Residence Address (required if years at current residence is less than 3 years):

.....
Street City Province Postal Code Years at Residence

Please provide one Canadian government issued photo ID verified in person:

☐ Canadian Driver's License ☐ Canadian Passport ☐ Canadian Citizenship Card (issued prior to 2012)

☐ Other Provincial/Canadian Photo ID (specify):

.....
Document Number Issuing Province/Territory Issue Date (mm/dd/yy) Expiry Date (mm/dd/yy) Date of Verification (mm/dd/yy)

.....
Name of Employer Telephone Number # of Yrs/Mths with Employer \$..... Annual Income

.....
Industry Job Title Detailed Occupation

..... If Other, please specify:
Occupation Status

Employer Address:

.....
Street City Province Postal Code

If employed by Employer less than two years: Previous employer Yrs Mths

If there is more than one income type, please provide details on the last page of this application.

4. Other Information

| | Applicant | Joint Applicant |
|---|--|--|
| Are you liable as a co-signer or guarantor? | <input type="radio"/> Yes <input type="radio"/> No | <input type="radio"/> Yes <input type="radio"/> No |
| Are there any law suits or judgements against you? | <input type="radio"/> Yes <input type="radio"/> No | <input type="radio"/> Yes <input type="radio"/> No |
| Are you now or have you been bankrupt or filed a consumer proposal in the last six years? | <input type="radio"/> Yes <input type="radio"/> No | <input type="radio"/> Yes <input type="radio"/> No |
| If you answered yes to any of the above, please provide full details on the last page of this application. | | |
| Are you a Politically Exposed Domestic Person* (PEDP) or an immediate family member or close associate* of one? | <input type="radio"/> Yes <input type="radio"/> No | <input type="radio"/> Yes <input type="radio"/> No |
| Are you a Politically Exposed Foreign Person* (PEFP) or an immediate family member or close associate of one? | <input type="radio"/> Yes <input type="radio"/> No | <input type="radio"/> Yes <input type="radio"/> No |
| Are you a Head of an International Organization* or an immediate family member or close associate of one? | <input type="radio"/> Yes <input type="radio"/> No | <input type="radio"/> Yes <input type="radio"/> No |
| Is this loan account being opened by, or on behalf of, a third party*? | <input type="radio"/> Yes <input type="radio"/> No | <input type="radio"/> Yes <input type="radio"/> No |
| Are you required to make a monthly spousal or child support payment? | <input type="radio"/> Yes <input type="radio"/> No | <input type="radio"/> Yes <input type="radio"/> No |
| Declaration of Tax Residence: | | |
| Are you a tax resident of Canada? | <input type="radio"/> Yes <input type="radio"/> No | <input type="radio"/> Yes <input type="radio"/> No |
| Are you a tax resident or a citizen of the United States? | <input type="radio"/> Yes <input type="radio"/> No | <input type="radio"/> Yes <input type="radio"/> No |
| Taxpayer Identification Number (TIN) (if a US tax resident or citizen) | ..... | ..... |
| Are you a tax resident of a jurisdiction other than Canada or the United States? | <input type="radio"/> Yes <input type="radio"/> No | <input type="radio"/> Yes <input type="radio"/> No |
| What is your jurisdiction of tax residence? | ..... | ..... |
| Taxpayer Identification Number (TIN) (if jurisdiction of tax residence other than Canada or the United States) | ..... | ..... |

*Refer to the *Application Definitions* section located at end of application for more information.

5. Assets and Liabilities

| Assets | Amount (\$) | Liabilities | Amount (\$) | Other Obligations | Monthly (\$) |
|---|-------------|---|-------------|--------------------------------------|--------------|
| Cash | | DUCA Loans | ..... | Rent or Mortgage | ..... |
| Residence | | DUCA Mortgages | ..... | Property Tax | ..... |
| Other Real Estate | | Loans with Other F.I.'s | ..... | Lease Payments | ..... |
| Registered Investments | | Mortgages with Other F.I.'s | ..... | Spousal/Child Support | ..... |
| Tax Free Savings Accounts | | Unpaid Income Tax | ..... | Heat and Taxes | ..... |
| Non-Registered investments | | Line of Credit | ..... | Heat and Taxes (other properties) | ..... |
| Net Cash Surrender Value of Life Insurance | | Property Tax Owing | ..... |  |  |
| Other Assets | | Credit Card Balance | ..... |  |  |
| | | Other Liabilities | ..... |  |  |
| Total Assets | | Total Liabilities | ..... |  |  |
| | | Net Worth (Assets – Liabilities) | ..... |  |  |

Additional Details

| Asset or Liability | Description | Value of Asset | Balance of Debt | Credit Limit | Mthly Payments |
|--------------------|-------------|----------------|-----------------|--------------|----------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

6. Loan Amount / Source of Funds

Loan Amount: \$.....

What is the source of the funds for the equity portion of the loan?

- ☐ Own Funds (e.g., Cash or Existing Investments). Please describe:
- ☐ Proceeds from recent asset sale. Asset sold (e.g., House, Boat):
- ☐ Borrowed monies from Financial Institution. Please specify F.I.:
Type of loan (e.g., HELOC, LOC):
- ☐ Borrowed monies from Family member. Relationship to Borrower (e.g., Father, Son):
- ☐ Gift. If yes, please contact Specialized Lending Dept for Gift Form.
- ☐ Other. Please describe:

7. Security

The loan proceeds are to be used for the purposes of investment in the following account, which shall be pledged to DUCA as lender:

Dealer Investment Account Number
or Segregated Fund Policy Number
or Segregated Fund Application Number: Applicant to initial upon
establishment of the security account
Life Insurance Policy Number (if used as equity):

Investments purchased and/or pledged, hypothecated and/or assigned must be on DUCA's Approved List of Investments (and DUCA's Approved List of Life Insurance carriers if applicable). In the event that Investments purchased with the loan proceeds are not on DUCA's Approved List of Investments, you will bear all liability for losses, fees and other costs incurred to replace them with Investments on DUCA's Approved List of Investments, otherwise such Investments will be sold and you will be required to pay any deficiency resulting from the Loan exceeding the net proceeds of the Investments.

8. Application for and Disbursement of Loan

You hereby authorize and direct DUCA upon approval of this application, to advance and disburse the loan proceeds to the Dealer, on your behalf, or the insurance company or another entity as specifically directed by you and to pay on your account any ancillary fees or commissions. The foregoing authorization is irrevocable.

9. Personal and Credit Information Consent

If a Joint Applicant signs below, the words "I" and "me" refer to each of the Applicant and the Joint Applicant. I AUTHORIZE DUCA FINANCIAL SERVICES CREDIT UNION LTD. TO OBTAIN PERSONAL AND CREDIT INFORMATION ABOUT ME FROM ANY SOURCE AT ANY TIME. I hereby certify all information included herein is true and correct. I have no other undisclosed financial obligations and acknowledge the foregoing will be used to determine my credit worthiness for the purpose of obtaining a DUCA lending product and DUCA membership.

I consent to DUCA's exchanging personal information with credit bureaus, other credit grantors, providers of investment products pursuant to this Investment Loan Application and mortgage insurers of credit information, at any time, and hereby agree to indemnify and save harmless DUCA from all claims arising from such exchange.

I understand that my Social Insurance Number (SIN) will be used by DUCA for tax reporting purposes on a Savings Account, which is required by law, as well as identity verification purposes through credit bureau services such as Equifax, which is optional. I can indicate whether I would like DUCA to use my SIN for identity verification purposes in the *Information on Applicant* and *Information on Joint Applicant* sections above. If I choose to not use my SIN, it will not be disclosed to credit bureaus for the purposes of accurately obtaining my credit report(s) which may delay the processing of my application.

I can withdraw any consent I give for the collection, use, and disclosure of my personal information by contacting DUCA. I may be asked to provide a request in writing. If I withdraw my consent, DUCA may no longer be able to provide me with a product(s) and/or service(s).

I acknowledge that I have read and understood DUCA's Privacy Disclosure Statement included herein. I consent to DUCA's collection, use, retention and disclosure of my personal information in accordance with DUCA's general Privacy Statement, which can be found at www.duca.com/security-privacy.

10. For Accounts with Multiple Borrowers and Joint Account Holders Only

Cost of Borrowing Separate Disclosure

As a Joint Applicant, you have the right to receive a separate copy of disclosure documents. If you choose to receive a separate copy of disclosure documents by indicating below, you will receive a separate copy of disclosure documents. Disclosure documents will be sent to borrowers via email(s) provided in the application. This may include renewal agreements and other documents outlining the terms and conditions of the product and any other documentation that shows the cost of borrowing. This consent will carry through renewals or amendments, if applicable. If at any time you want to change your selections noted below, you may do so by contacting us at 1-833-932-2016.

- ☐ I (Joint Applicant) do not wish to receive separate disclosure documents related to the account.
- ☐ I (Joint Applicant) wish to receive separate disclosure documents related to the account.

Joint Account Agreement (for Savings Account)

We hereby agree with each other and with DUCA that all deposits heretofore or hereafter made by any of us to the credit of the under noted account, together with all accumulation of interest thereon are and shall be owned by us jointly with right of survivorship and shall be subject to withdrawal by any of us; and we hereby further agree that payments by DUCA to any of us or to the survivor or any of the survivors shall discharge DUCA from any further liability for such payment.

We agree that any or all of us may pledge all or any part of the deposits in this account for a loan or loans from DUCA.

We further agree that the right of authority of DUCA under this agreement shall not be changed or terminated by us, or any of us, except by written notice to DUCA, which shall not affect transaction theretofore made. DUCA shall be under no duty to inquire as to the ownership of the funds or the rights thereto as between the account holders.

Select either one signature required or two signatures required for the Joint savings account.

☐ **Joint Accounts with One Signature Required:**

Funds held in an account in more than one name where only one signature is required shall be subject to withdrawal in whole or in part, transfers in whole or in part, and any account changes upon the authorization and signature of any one of the account holders. DUCA shall be under no duty to inquire as to the ownership of the funds or the rights thereto as between the account holders.

Applicant's Initials Joint Applicant's Initials

☐ **Joint Accounts with More Than One Signature Required:**

Funds held in an account in more than one name where multiple signatures are required shall be subject to withdrawal in whole or in part, transfer in whole or in part, and any account changes upon the authorization and signatures of account holders.

Applicant's Initials Joint Applicant's Initials

11. Acknowledgements and Signatures

By signing below, the Applicant(s) named above apply for an investment loan, membership and a savings account from DUCA Financial Services Credit Union Ltd. in accordance with the attached Loan Agreement. By signing below, the Applicant(s) understand and agree: (i) to inform DUCA of any changes to the information provided in this application; (ii) with the *Personal and Credit Information Consent* section above; (iii) to authorize DUCA to share account information with the advisor named below; (iv) that if this application is accepted, to be bound by the attached Personal Pre-Authorized Payment Authorization for Loan Payments; (v) with the intended use of the account being for Investment Purposes; (vi) that Loan disclosures will be sent by email, after the Loan funds to the primary applicant and to the joint applicant if specified above; (vii) notifications indicating that statements are ready will be sent by email (if you prefer paper statements, contact us at 1-833-932-2016); and (viii) with DUCA's policies, terms and conditions of Membership and DUCA's online agreement which are available at www.duca.com/legal and DUCA's Privacy Statement available at www.duca.com/security-privacy. Further, the Applicant(s) understands that the loan approval is good for 90 days. If any conditions cannot be met within 90 days of loan approval or if the loan is not funded within 90 days, this loan approval is null and void.

Dated at this day of, 20.....

Applicant's Signature Joint Applicant's Signature

12. Advisor Information

.....
Last Name First Name Middle Initial Telephone Number

.....
DUCA Advisor Code Email Address Fax Number Business/Operating Name (if applicable)

Mailing Address:

.....
Street City Province Postal Code

With respect to this transaction, you are acting via:

☐ Managing General Agency (MGA) ☐ Direct with Insurance Company ☐ MFDA Dealer ☐ IIROC Dealer ☐ Other

Name of MGA / Insurance Company / Dealer, or provide details if "Other":

13. Advisor Assertions

I confirm that I have seen the original, valid and unexpired identification verification documentation presented by the Applicant(s). I undertake to deliver the completed Third Party Identification form, if required. I also undertake to inform the Credit Union if I become aware that the loan proceeds are being used for the benefit of a third party. I confirm that I have provided a copy of this application to the Applicant(s).

Advisor Signature Date (mm/dd/yy)

14. DUCA Authorization

To be completed by DUCA Representatives

.....
Lending Officer's Signature Lending Officer's Name Date (mm/dd/yy)

.....
Lending Officer's Signature Lending Officer's Name Date (mm/dd/yy)

Must be completed for all loans

BORROWING TO INVEST—IMPORTANT INFORMATION

Applicant(s) must read and sign

Tax deductibility of loan interest depends upon a number of factors, with the Income Tax Act providing the framework for determining deductibility.

Tax laws are subject to change, and therefore tax treatment cannot be guaranteed. DUCA Financial Services Credit Union Ltd. ("DUCA") is not providing tax or estate planning advice. It is advisable to enlist the services of an independent professional tax advisor to consider these factors.

It's important for you to understand ...

Investment funds and other securities may be purchased using available cash, borrowed money, or a combination of both. If cash is used to pay for the fund purchase in full, the percentage gain or loss will equal the percentage increase or decrease in the value of the investment funds. The purchase of securities using borrowed money magnifies the gain or loss experienced by the investor. This effect is called leveraging.

For example, if \$100,000 of investment funds are purchased with client equity and the investment declines in value to \$80,000 over 10 years, after which the investment is sold, the Investor will have lost \$20,000 with this strategy. However, if the same \$100,000 investment is purchased with an Investment Loan at an interest rate of 6.00%, and the value declines to \$80,000 over 10 years, after which the investment is sold, the client will be in a worse financial position. To repay the loan the investor must raise an additional \$20,000 to supplement the \$80,000 raised from the sale of the investment. In addition, the investor will have paid more than \$60,000 in loan interest over the 10 years. In other words, the investor will have lost \$80,000 with this investment strategy.

It is important that an investor proposing to borrow for the purchase of investment funds be aware that a purchase with borrowed monies involves greater risk than a purchase using cash resources only. To what extent a purchase using borrowed monies involves undue risk is a determination to be made by each purchaser and will vary depending on the circumstances of the purchaser and the investment funds purchased.

It is also important that the investor be aware of the terms of a loan secured by investment funds. The lender may require that the loan be repaid at any time. If the borrower does not have cash available, the borrower must sell investment funds, possibly at a loss to provide money to reduce the loan.

Money is, of course, also required to pay interest on the loan. Under these circumstances, investors who use borrowed funds to purchase their investments are advised to have adequate financial resources available both to pay interest and also to reduce the loan if the borrowing arrangements require such a payment.

The Applicant understands that:

- Actual investment performance is not guaranteed and will vary.
- Borrowing to buy an investment fund has a higher risk than paying with cash because the interest charges on the borrowed funds must be paid irrespective of how well or how poorly the investment fund performs.
- The Applicant must have sufficient funds to pay the principal and interest on the loan (before any tax deductions) and income tax payable on investment income.
- The Applicant may be able to deduct all, some or none of the loan interest charges depending on (a) the investment fund chosen and (b) the nature of the amount of investment returns realized.
- All annual expenses (income tax payable and loan interest payable) must be paid by the investor and not through withdrawals from the fund.
- The lender will possess certain rights and powers depending upon the nature of the loan agreement and that the Applicant needs to understand the terms and conditions associated with all loan documents.
- Taking out a loan to purchase investment funds will increase the Applicant's Debt Service Ratio, which may impact the Applicant's ability to borrow money for other purposes.
- Any illustration of investment leverage provided to the Applicant by their advisor or a representative of DUCA is for illustration purposes only. The Applicant understands that their experience may be better than or worse than the results shown in the illustration.
- DUCA acts solely in the capacity as lender and loan administrator and does not provide investment or tax advice of any nature.

The Applicant also understands that:

- The Applicant has the option of commencing principal payments to repay the loan at any time.
- One-time withdrawals may not be permitted by DUCA, depending on the current market value of the investment.

Applicant name(s):

Applicant(s) acknowledgement: Date:
(mm/dd/yy)

..... Date:
(mm/dd/yy)

Advisor name:

Advisor acknowledgement: Date:
(mm/dd/yy)

APPLICATION DEFINITIONS

Family Members and Close Associates

A prescribed family member of a politically exposed foreign person, a politically exposed domestic person or a head of an international organization is:

- (a) their spouse or common-law partner;
- (b) their child;
- (c) their mother or father;
- (d) the mother or father of their spouse or common-law partner;
or
- (e) a child of their mother or father.

A close associate may be an individual who is closely connected to a PEP or HIO for personal or business reasons. For example:

- Business partners
- Romantic relationships
- Prominent members of the same political party or union
- Members of the same Board
- Carrying out charitable works together

Head of an International Organization

A person who, at a given time, holds—or has held within a prescribed period before that time—the office or position of head of:

- (a) an international organization that is established by the governments of states;
- (b) an institution of an organization referred to in paragraph (a); or
- (c) an international sports organization.

Politically Exposed Domestic Person

A person who, at a given time, holds—or has held within a prescribed period before that time—one of the offices or positions referred to in any of paragraphs (a) and (c) to (j) in or on behalf of the federal government or a provincial government or any of the offices or positions referred to in paragraphs (b) and (k):

- (a) Governor General, lieutenant governor or head of government;

- (b) member of the Senate or House of Commons or member of a legislature of a province;
- (c) deputy minister or equivalent rank;
- (d) ambassador, or attaché or counsellor of an ambassador;
- (e) military officer with a rank of general or above;
- (f) president of a corporation that is wholly owned directly by Her Majesty in right of Canada or a province;
- (g) head of a government agency;
- (h) judge of an appellate court in a province, the Federal Court of Appeal or the Supreme Court of Canada;
- (i) leader or president of a political party represented in a legislature;
- (j) holder of any prescribed office or position; or
- (k) mayor, reeve or other similar chief officer of a municipal or local government.

Politically Exposed Foreign Person

A person who holds or has held one of the following offices or positions in or on behalf of a foreign state:

- (a) head of state or head of government;
- (b) member of the executive council of government or member of a legislature;
- (c) deputy minister or equivalent rank;
- (d) ambassador, or attaché or counsellor of an ambassador;
- (e) military officer with a rank of general or above;
- (f) president of a state-owned company or a state-owned bank;
- (g) head of a government agency;
- (h) judge of a supreme court, constitutional court or other court of last resort;
- (i) leader or president of a political party represented in a legislature; or
- (j) holder of any prescribed office or position.

Third Party

Any individual or entity that instructs another individual or entity to act on their behalf for a financial activity or transaction.

LOAN AGREEMENT

The information set forth above in the Investment Loan Application (the “**Application**”) (including the Cost of Borrowing / Disclosure Statement) must be read together with the Terms and Conditions which follow. Together they form the agreement (the “**Agreement**”) between the Applicant (and any Joint Applicant) (the “**Borrower**”) named above and DUCA Financial Services Credit Union Ltd. (“DUCA” or the “Credit Union”) for an Investment Loan account (the “**Account**”).

In this Agreement, **you** and **your** refers to the Applicant and any Joint Applicant named above; if there are two or more Applicants, we can take instructions or deal with any one of you concerning all matters in connection with this Account; and **we, our** and **us** refers to the Credit Union.

All capitalized terms that are not defined in this Agreement have the meaning ascribed to them in the Cost of Borrowing Summary / Disclosure Statement in Section 1 of the Application.

Terms And Conditions

Definitions

Advisor is the representative whose name appears in Section 13 of the Application or as you may direct from time to time to the Credit Union in writing. You acknowledge that the Advisor is your agent and not the Credit Union's.

Approved List of Investments is the list of Investments that the Credit Union has approved, in its sole discretion, for inclusion as a Pledged Asset.

Base Rate means the variable annual interest rate that the Credit Union sets from time to time as a reference rate. The Base Rate will change within 5 days of any change in the Prime Rate as published by a minimum of 3 of the 5 largest Canadian chartered banks (Royal Bank of Canada, Bank of Montreal, TD Canada Trust, CIBC and Bank of Nova Scotia).

Dealer means the securities dealer, insurance company or financial institution with whom the Borrower has a Pledged Account in their name as identified in the Application.

Default Charges have the meaning ascribed to them in the Cost of Borrowing Summary / Disclosure Statement in Section 1 of the Application.

Exchange Traded Fund means a basket of securities that trade on an exchange.

Insurance Contracts means any universal life or whole life insurance policy with sufficient cash surrender value to serve as the equity portion of the Loan.

Interest Only Loan means a loan where the only current obligation is interest payments and where the payment of principal is deferred.

Investments means any one or more of the following investment types, subject to the investment being on the Credit Union's Approved List of Investments: (i) a mutual fund (ii) a managed account (iii) an Exchange Traded Fund (iv) a Segregated Fund. Investments must be non-registered.

Loan means the loan between the Credit Union, as lender, and the Borrower, as more fully described in the Application.

Loan Documents are any pre-printed documents which includes but is not limited to this Agreement, the securities control agreement for mutual funds shares or units which are held in a designated securities account, the assignment in favour of the Credit Union of an insurance policy or annuity contract purchased from an eligible insurer (in the case of a Segregated Fund), and the assignment of a deposit account or guaranteed investment certificate (GIC) held with an eligible bank, credit union or trust company.

Minimum Monthly Payment will have the meaning ascribed to it in the Cost of Borrowing Summary / Disclosure Statement in Section 1 of the Application.

Other Fees / Charges have the meaning ascribed to them in the Cost of Borrowing Summary / Disclosure Statement in Section 1 of the Application.

Outstanding Balance means at any time the total amount that you have borrowed from the Credit Union on the Account, plus all accrued interest and unpaid charges.

Personal Information may include any information that identifies you, such as your name, address, telephone number(s), email address, your date of birth, occupation, driver's license, passport number or your Social Insurance Number (SIN).

Pledged Account means all the Pledged Assets, securities entitlements, financial assets and other items and property (or their value) standing to the credit of an account or accounts with the Dealer as specified in Section 7 of the Application.

Pledged Assets means all accounts, monies, deposits, shares, units of a mutual fund or other issuer, other securities or instruments or Insurance Contracts and all other property held within or to the credit of the Pledged Account administered by a Dealer.

Principal Amount is the amount, if the Credit Union unconditionally approves this application, as described in the Cost of Borrowing Summary / Disclosure Statement in Section 1 of the Application.

Principal and Interest Loan means a loan where the Borrower has selected in the Cost of Borrowing Summary / Disclosure Statement in Section 1 of the Application that they wish to make principal and interest payments with respect to their Loan or the Borrower is required to make principal and interest payments as per clause 4 of the Loan Agreement.

Security Interest means the assignment, pledge and granting of a security interest and hypothec granted by the Borrower to the Credit Union in the Pledged Assets.

Secured Obligations means all of the Borrower's present and future, direct and indirect indebtedness and liability to the Credit Union including, but not limited to, the Outstanding Balance and all other debts, liabilities and obligations, present or future, and all interest, commissions, legal and other costs and expenses.

Segregated Funds are investment pools offered under an individual variable insurance contract or an individual annuity contract, in each case, issued by a life insurance company.

1. Principal Amount

The Principal Amount is the maximum amount that may be outstanding under the Account for borrowed funds, accrued and unpaid interest and unpaid charges. The Principal Amount may be repaid in full at any time without penalty. You understand that the Investments may fluctuate in value and that you will receive the value of the Investments in effect on the date the Principal Amount and any additional equity amounts are actually invested. You also understand that regardless of the performance of the Investments, you are required to meet your obligations to us under the Account.

2. Loan Terms

The Loan Terms are as set out in the Cost of Borrowing Summary / Disclosure Statement in Section 1 of the Application. Pursuant to this Agreement and subsequent to the approval of the Loan, the loan proceeds will be fully advanced to the Pledged Account, or as directed by the Borrower. Following this advance, the interest as provided herein will accrue.

3. Security

- (a) In consideration of advances made or to be made by the Credit Union to the Borrower and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower hereby assigns and pledges to and grants a security interest in and a hypothec on the following property to and in favour of the Credit Union:
- i. all the securities (including, without limitation, mutual funds, Segregated Funds and Exchange Traded Funds), securities entitlements, Insurance Contracts and deposit instruments, negotiable instruments, financial assets, credit balances and other items of property (or for value) which are now and may be hereafter carried in the Pledged Account, including any new, substitute or replacement accounts as described in this clause, of the Borrower with the Dealer;
 - ii. all securities, financial assets or other property in any form derived directly or indirectly from any use or dealing with the property described in this clause;
 - iii. all securities, financial assets, or other property into which any of the securities, financial assets or other property described in this clause may be converted, changed, reclassified, subdivided or consolidated;
 - iv. all dividends, income, or other distributions, whether paid or distributed in cash, securities, financial assets or other property, in respect of the property described in this clause;
 - v. all other property, including all rights of the Borrower in, to, under or now or hereafter relating in any way to any of the property described in this clause; and
 - vi. all proceeds of any of the property described in this clause.

The Borrower represents and warrants that the Borrower and the Dealer have agreed to treat as financial assets all items of property (including cash balances), or their value, standing to the Borrower's credit from time to time in the Pledged Account. The attachment of the Security Interest has not been postponed and the Security Interest shall attach to any Pledged Asset as soon as the Borrower has rights in such Pledged Asset. Pledged Accounts will include any new, substitute or replacement Pledged Accounts, and any other Pledged Account, that the Dealer maintains in the Borrower's name into which property from the Pledged Account is transferred, substituted, or replaced.

- (b) In the case of Segregated Funds, or Insurance Contracts, the Borrower will have provided or shall provide the Credit Union at its request an assignment in favour of the Credit Union of an insurance policy or annuity contract purchased from an eligible life insurance company.
- (c) This Agreement and Security Interest created hereby secures payment, performance and satisfaction of the Borrower's obligations to the Credit Union under, by reason of or otherwise in respect of any existing or future agreement between the Borrower and the Credit Union (including, without limitation, this Agreement), whether present or future, direct or indirect, absolute or contingent, matured or not, wherever and however incurred and whether incurred as principal or guarantor, or whether incurred before, at the time of, or after the execution of this Agreement, and for the payment of all costs, charges and expenses provided for in this Agreement. The Security Interest created hereby shall subsist notwithstanding the payment from time to time, in whole or in part, of the Secured Obligations.
- (d) Without prejudice to the Credit Union's right to demand payment at any time of the whole or part of the Secured Obligations, the Borrower shall deliver to the Credit Union additional collateral satisfactory to the Credit Union or make payments on account of the Secured Obligations to the satisfaction of the Credit Union, as the Credit Union deems necessary to meeting margin requirements agreed by the parties from time to time, and all such additional collateral shall be subject to this Agreement.
- (e) Borrower represents, warrants and covenants to the Credit Union that the Borrower is and will be the legal and beneficial owner of the Pledged Assets free and clear of any assignment, mortgage, lien, charge, security interest, hypothec or other adverse claim other than the Security Interest. The Borrower shall keep the Pledged Assets free and clear of all liens of any kind other than the Security Interest. The Borrower will not sell, transfer, assign, give away, part with possession of or otherwise dispose of any of the Pledged Assets without the Credit Union's prior written consent.
- (f) Upon request by the Credit Union from time to time, the Credit Union shall take such steps and execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments, financing statements, transfer and other documents and assurances as the Credit Union may request:
 - i. to better preserve, protect or perfect the Security Interest; or
 - ii. to carry into effect the intentions of the parties as set out in this Agreement or in any other agreements between the Borrower and the Credit Union.
- (g) The Credit Union shall have the right to:
 - i. Receive any dividends, interest, or other income payable upon or in respect of the Pledged Assets and to appropriate the same towards payments of the Secured Obligations;
 - ii. Exercise any option or right with the holder of any of the Pledged Assets may at any time have, and any advance made for such purpose shall be added to the Secured Obligations and shall be secured by this Agreement;
 - iii. Vote or give proxies to vote upon any or all of the Pledged Assets at any meeting, whether special or general, at which the holder of such Pledged Assets is entitled to vote; and
 - iv. Sign on behalf of and as an agent for the Borrower such confirmations of ownership as may be required in respect of the Pledged Assets.
- (h) Until default by the Borrower in payment of all or any part of the Secured Obligations, or until such time as the Borrower otherwise defaults under the terms of this Agreement, or until such time as the Credit Union otherwise notifies the Borrower to cease doing so, the Borrower may exercise any options or rights of the holder of the Pledged Assets but in doing so the Borrower shall act as a trustee for the Credit Union with a view towards the timely payment of the Secured Obligations, and preservation of the integrity and value of the Pledged Assets.

- (i) If the Borrower is in default in relation to all or any part of the Secured Obligations or upon and after demand by the Credit Union then the Credit Union shall be entitled to every remedy available to the Credit Union at law and may enforce the Security Interest by any method permitted by law and, to that effect, the Borrower hereby consents in advance to the voluntary surrender of the Pledged Assets. Without limiting the generality of the foregoing, the Credit Union may foreclose on the Pledged Assets, the Credit Union may sell all or any part of the Pledged Assets by public or private sale at the Credit Union's discretion (including without being required to give any prior notice to any person and to obtain the surrender of the Pledged Assets) without exhausting other remedies, and may apply the proceeds thereof towards the repayment of the Secured Obligations (including any ancillary costs of collection and enforcement incurred by the Credit Union, or on its behalf, to protect or realize on the Security Interest), all without prejudice to any other claim the Credit Union may have for the balance of the Secured Obligations if the proceeds of the sale prove to be insufficient.
- (j) The Credit Union shall apply any monies received by it as a result of realization on the Pledged Assets:
 - i. first, to payment of all costs, charges and expenses incurred in realizing on the Pledged Assets, including all commission, receivership and legal fees;
 - ii. second, in successive order, to the payment of all compound interest and interest on any amount owed by the Borrower to the Credit Union; and
 - iii. third, to the payment of all other Secured Obligations;
 and the balance, if any, shall be paid by the Credit Union to the Borrower or to such other person who may be entitled by law to receive it.
- (k) Segregated fund policies or any other investment products with principal guarantee features could be surrendered by the Credit Union to repay the Loan. You cannot depend on any principal repayment guarantees or other guaranteed benefit until such time as all conditions for the payment of such guarantees or benefits are satisfied. Any early surrender made by the Credit Union to repay the Loan may affect guarantees, which may result in a loss of original invested capital and/or other guaranteed benefits, including but not limited to guaranteed minimum withdrawal benefits, and may have tax consequences.
- (l) Where a Pledged Account relates to mutual funds shares or units which are held in a designated securities account, you further specifically agree to the terms and conditions of a securities control agreement, which will form part of this Agreement.
- (m) Upon fulfillment of your obligations to us under this Agreement, we will notify the Dealer or the issuer of the Pledged Assets that we are releasing our interest in the Pledged Assets and, if applicable, we will return the Pledged Assets to you.

4. Payments

Each month you must pay the Minimum Monthly Payment. All payments will be made first to the payment of accrued and unpaid interest and second to the payment of the Principal Amount. The first payment will begin no later than 45 days from the Date of Advance. Any interest adjustment arising from an initial payment period of less than or greater than one month will be added to the first payment.

If you have an Interest Only loan and the Outstanding Balance is equal to or exceeds 100% of the value of the Investments at any time, then we may in our sole discretion convert your loan to a Principal and Interest Loan with the monthly payments based on interest at the Interest Rate and on an amortization period of twenty (20) years and a term of twenty (20) years, with all other terms and conditions of this Agreement to apply. Principal and interest payments would be comprised of equal principal amounts plus variable interest. Once converted to a Principal and Interest Loan due to the above, the principal and interest payment required will be considered your Minimum Monthly Payment.

However, once the loan has been converted to a Principal and Interest Loan, you may request in writing that we consider returning the loan to the original Interest Only payment schedule after you have made a minimum of three (3) consecutive monthly principal and interest payments and if the Outstanding Balance does not exceed 99% of the value of the Investments.

This is a demand credit facility, and therefore even if you make all payments when due, we still have the right to demand payment in full of the Outstanding Balance at any time without giving you prior notice. If you do not pay the Outstanding Balance in full upon demand, then, in addition to any other remedy available to us, we may enforce our Security by any method permitted by law.

5. Interest

Interest is calculated and charged as per the Cost of Borrowing Summary / Disclosure Statement in Section 1 of the Application. We may at any time change the adjustment factor that is used to determine the Annual Interest Rate, but we will give you prior notice of any change. Interest will continue to be payable by you after we demand payment in full or we obtain a judgment against you for failure to pay. If you do not pay the Minimum Monthly Payment when due or if the amount that you pay is not enough to pay interest that has accrued in a month, then interest will be charged on the amount of interest that has not been paid. This means that interest is compounded monthly.

6. Additional Costs and Expenses

You agree to pay the costs and expenses described under Other Fees / Charges and Default Charges.

7. Paying Outstanding Balance and Costs by Direct Debit

You authorize us to debit your deposit account which you have specified for such purpose for your monthly payment and all costs, charges and other amounts that you owe us from time to time on the Account. If there are insufficient funds in such deposit account and you do not make alternative payment arrangements with us, we may charge any amount that you owe to us to the Account or debit any other account that you maintain with us.

8. Withdrawals

Withdrawals are not permitted for equity amounts that would reduce the loan to value below the original ratio. All withdrawals, if permitted by the Dealer, require the consent of the Credit Union, which may be withheld in its sole discretion and is subject to a minimum withdrawal amount as determined by the Credit Union. You may make two (2) withdrawals per calendar year without incurring a withdrawal fee.

9. Dividends / Distributions

The Credit Union may allow you to receive dividends or distributions in the form of cash, if this is permitted by the Dealer. The Credit Union may, in its sole discretion, prevent, suspend, discontinue or otherwise disallow any cash payment of dividends or distributions to the Borrower and apply such payments to pay down your Loan. You irrevocably authorize the Dealer to accept instructions from the Credit Union in this regard. If the Credit Union chooses to permit such payments to the Borrower following a period during which they are disallowed, such payments to you may be initiated or resumed only following approval of a written request to the Credit Union from your Advisor.

10. Investments

(a) Actions of a Dealer

The Credit Union shall not be responsible for and shall not be held liable for the actions or representations of a Dealer in respect of this Agreement or any Investments purchased with any advance under the Loan. A Dealer is not a partner, joint venturer, or agent of the Credit Union and none of them are authorized or have any ability to bind or create any liability for the Credit Union. The Borrower acknowledges that its obligation to repay the Loan and other amounts required under this Agreement is an obligation to the Credit Union, separate and independent from the Borrower's relationship with the Dealer, without the right of set-off for any defense based on the advice of the Dealer or any third party. The Credit Union is entitled to accept and act on any notice, authorization, or other communication that it believes in good faith to be given by you or your Dealer on your behalf. The Credit Union is under no obligation to verify that your Dealer is properly authorized to act as your agent or is otherwise authorized to act on your behalf.

(b) Independent Advice

The Borrower acknowledges that they have not received any advice from the Credit Union including investment or tax advice and that the Credit Union has no obligation to provide leverage disclosure to you. Further, the Borrower acknowledges that they have received, or had the opportunity to receive independent advice with respect to their Investments, the Loan, the suitability of the Investments and the Loan, of leveraging such Investments and in respect of all tax issues related to the Investments and the Loan.

(c) No Endorsements of Investments

The Credit Union makes no representation, warranty, recommendation, advice, guarantee or endorsement, express or implied, oral or written, with respect to the Investments or any other assets that the Borrower previously purchased or intend to purchase with any advance under the Loan. The Credit Union is not responsible for and shall not be liable for any loss or damages or other consequences that the Borrower may suffer or incur as a direct or indirect result of receiving any advance under the Loan.

11. Default

You will be in default if: (a) you fail to make a Minimum Monthly Payment when due or to fulfill any of your other obligations under this Agreement or under any of the other Loan Documents; (b) you are insolvent or have become bankrupt or commit any act of bankruptcy; (c) we believe on reasonable grounds that the Pledged Assets will decline in value; (d) any statement you make to us is false in any material respect when it is made or it becomes false; (e) you are declared incompetent by a court or die; or (f) any event occurs which causes us to believe in good faith that we are unsecured or that the Pledged Assets are or are about to be placed in jeopardy.

This is a demand credit facility, and therefore even if you are not in default, we still have the right to demand payment of the Outstanding Balance and enforce our Security at any time without giving you prior notice.

12. Waiver

The Credit Union's failure or delay in exercising any of its rights under the Loan Documents shall not be deemed to constitute a waiver thereof nor shall it render the Credit Union liable to you in any way. No waiver of any breach of any provision of the Loan Documents will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

13. Set-Off

At any time that you are in default of any Secured Obligations under this Agreement or otherwise, the Credit Union may, to the extent permitted by law, without notice to you or any other person, any notice being expressly waived by you, set-off and compensate any and all deposits and other assets, held by the Credit Union, against and on account of your Secured Obligations hereunder notwithstanding that any of them are contingent or unmatured.

14. Representation and Warranties

In order to induce the Credit Union to make the Loan, you represent and warrant to the Credit Union that:

- i. the Loan Documents, any other related documents are enforceable against you in accordance with their respective terms;
- ii. you will be the owner of each of the Pledged Assets and will have a good right and title in each of the Pledged Assets with full power to assign or hypothecate the same to the Credit Union free and clear of any claims or Interests whatsoever;
- iii. you will not pledge, make an assignment or hypothecation of any of the Pledged Assets, will not enter into any agreement to pledge, assign or hypothecate any of the Pledged Assets to a third party, will not appoint or designate an irrevocable beneficiary (except that it may not designate as a revocable beneficiary its married or civil union spouse, its descendants, its ascendants or beneficiaries of the family class);
- iv. all Personal Information set out herein or provided to the Credit Union is true and complete; and
- v. the Pledged Assets are not being purchased for a registered retirement savings plan or any other tax deferral plan under the Income Tax Act (Canada) or the income tax legislation of any province.

15. Power of Attorney

You irrevocably appoint each of the Credit Union, its officers, employees and nominees or any authorized agent of any of them to be your attorney with full power of substitution, to fill in any blanks in this Agreement or any related document, to do, make and execute all such statements, assignments, documents, acts, matters or things, with the right to use your name whenever we may deem necessary or expedient and to perform all acts of ownership in respect of the Pledged Assets.

16. Acknowledgement

You acknowledge having read, understood, and received a copy of this Agreement. You have been given the opportunity to obtain legal advice with respect to all of the Loan Documents before executing them and you agree to be bound by the terms thereof. You further understand and agree that this Agreement will not constitute a binding obligation on the part of the Credit Union unless and until Loan proceeds are advanced by the Credit Union. You also understand and agree that the Credit Union shall not be responsible for any loss incurred by you as a result of the Credit Union's delay or refusal to accept your application for the Loan or to make the Loan available.

17. Electronic Signatures

You hereby acknowledge and agree that the Credit Union may execute this agreement electronically and the execution of this agreement may be evidenced by the electronic signatures of the Credit Union.

18. Statements of Account

An email notification indicating that a monthly statement is available in Online Banking will be sent to your last known email address (unless you have indicated you want to have a statement mailed to you). You must promptly notify us in writing of any change to your address and of any errors appearing on a statement of account. Upon the expiration of thirty (30) days from a statement date, each statement will be conclusively deemed to have been accepted by you as correct, except as to errors of which you have notified us in writing within thirty (30) days from the statement date.

19. Notice

Any notice, including without limitation, a notice of amendment or any demand or other communication referred to in this Agreement may be forwarded to you by personal delivery, courier, by prepaid ordinary, registered, or certified mail or included in a monthly statement or by email or any other electronic communication mode that we agree to use, at your last known address as shown in our records. You agree that it shall be deemed that you have received the same on the date of delivery, if personally delivered or if delivered by courier or on the fifth (5th) day after mailing by prepaid ordinary, registered, or certified mail, even if you do not actually receive it.

20. Electronic Communication

An electronic communication includes any communication by telephone, facsimile, wire, or email. We will deem any electronic communication received from you or in your name to be duly authorized by you and you authorize us to rely and act upon any such electronic communication. If a facsimile is received, we will act on a signature purporting to be your signature. If you request, we will forward copies of any statements, instruments or other documents by facsimile or other electronic transmission to the number or address provided by you, even though such electronic communication may not be considered "secure". You will be deemed to have received the electronic communication on the day and time recorded by our fax machine or for email, on the day recorded by our server.

21. Continuing Effectiveness of this Agreement

We may assign the amounts that you owe to us from time to time under this Agreement, with or without the benefit of this Agreement, to any other financial institution or other person or entity without your consent, but you may not assign this Agreement without our consent. In connection with such assignment by us, we may provide personal information about you to any assignee or their agents. This Agreement is also binding upon and benefits our successors and your heirs and personal representatives.

22. Amendments and Waivers

We may amend this Agreement at any time without your consent, but we will give you notice of each amendment. In particular, but without limitation, we may change how the Minimum Monthly Payment is determined. We may in a particular circumstance waive or postpone the exercise of any right that we have or waive or postpone the performance of any obligation that you owe to us, but any such waiver or postponement only applies to the particular circumstance and is only effective if we confirm it to you in writing.

23. Entire Agreement; Headings

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes any prior negotiations or agreements between the parties. The headings used in this Agreement are for convenience only and are not to be construed as defining, limiting, or describing the scope or intent of this Agreement.

24. Governing Law

This Agreement is governed by and construed in accordance with the laws of the Province of Ontario, and for the purpose of any legal actions or proceedings brought by the Credit Union in respect of the same, the Borrower hereby irrevocably submits to the non-exclusive jurisdiction of any competent court of such province or of any competent federal court of Canada sitting in such province and acknowledges their competence and the convenience and propriety of the venue and agrees to be bound by any judgement thereof and not to seek, and hereby waives, any review of such judgments by the courts of any other jurisdiction.

25. Questions / Complaints

You may contact us at **1-833-932-2016** if you have any questions or concerns about the products, services or our representatives. If, after speaking to DUCA Financial Services Credit Union Ltd. staff, the complaint is not resolved to your satisfaction, you may ask to speak with the manager of the department. If you are not satisfied with the manager's response, you may ask that your concerns be escalated to the **Complaints Officer**, or send an email directly to complaints@duca.com, for an additional review. If, after speaking to the Complaints Officer the problem is not resolved to your satisfaction, please write to the **Financial Services Regulatory Authority of Ontario at 5160 Yonge St., 17th Floor, North York, ON M2N 6L9**.

Annual Interest Rate Table

To estimate the interest portion of your payment, divide your outstanding Principal Amount by \$1,000 and multiply by the applicable amount based on your Annual Interest Rate.

| Annual Interest Rate | Interest Charge on a \$1,000 Balance for a 31 Day Month |
|----------------------|--|
| 2.00% | \$1.70 |
| 2.25% | \$1.91 |
| 2.50% | \$2.12 |
| 2.75% | \$2.34 |
| 3.00% | \$2.55 |
| 3.25% | \$2.76 |
| 3.50% | \$2.97 |
| 3.75% | \$3.18 |
| 4.00% | \$3.40 |
| 4.25% | \$3.61 |
| 4.50% | \$3.82 |
| 4.75% | \$4.03 |
| 5.00% | \$4.25 |
| 5.25% | \$4.46 |
| 5.50% | \$4.67 |
| 5.75% | \$4.88 |
| 6.00% | \$5.10 |
| 6.25% | \$5.31 |
| 6.50% | \$5.52 |
| 6.75% | \$5.73 |
| 7.00% | \$5.95 |
| 7.25% | \$6.16 |
| 7.50% | \$6.37 |
| 7.75% | \$6.58 |

| Annual Interest Rate | Interest Charge on a \$1,000 Balance for a 31 Day Month |
|----------------------|--|
| 8.00% | \$6.79 |
| 8.25% | \$7.01 |
| 8.50% | \$7.22 |
| 8.75% | \$7.43 |
| 9.00% | \$7.64 |
| 9.25% | \$7.86 |
| 9.50% | \$8.07 |
| 9.75% | \$8.28 |
| 10.00% | \$8.49 |
| 10.25% | \$8.71 |
| 10.50% | \$8.92 |
| 10.75% | \$9.13 |
| 11.00% | \$9.34 |
| 11.25% | \$9.55 |
| 11.50% | \$9.77 |
| 11.75% | \$9.98 |
| 12.00% | \$10.19 |
| 12.25% | \$10.40 |
| 12.50% | \$10.62 |
| 12.75% | \$10.83 |
| 13.00% | \$11.04 |
| 13.25% | \$11.25 |
| 13.50% | \$11.47 |
| 13.75% | \$11.68 |

PERSONAL PRE-AUTHORIZED PAYMENT AUTHORIZATION FOR LOAN PAYMENTS

By signing the attached Loan Application (the "Application") and attaching a void cheque (the "Cheque"), the Payor which, for the purpose of this authorization (the "Authorization"), authorizes DUCA Financial Services Credit Union Ltd. ("DUCA") to debit the account identified on the Cheque, or any replacement account (each, the "Account), at the financial institution identified on the Cheque or any replacement thereof (the "Processing Institution") for payments (which will vary in amount) when due under the loan granted to the Applicant by DUCA, by submitting pre-authorized debit requests (each, a "PAD") to the Processing Institution in accordance with the rules of Payments Canada. The Payor warrants that all persons whose signatures are required to sign on the Account have signed the Application. The Payor may, by notice in writing sent to DUCA at the address below, cancel this Authorization, which will be effective up to thirty (30) business days after it is received by DUCA. In the event that the Payor cancels the Loan to which the PAD under this Authorization relate, this Authorization shall automatically be cancelled. A sample cancellation form and further information on the Payor's right to cancel this Authorization is available from DUCA or by visiting www.payments.ca.

The Payor waives any and all requirement(s) under the rules of Payments Canada that DUCA give prior notice to the Payor of the amount and date of any debit to be made under a PAD authorized under this Authorization.

In the event that a PAD is not honoured because there were not sufficient funds ("NSF") in the Account, the Payor authorizes DUCA to process, at any time within thirty (30) days from the date that DUCA submitted the PAD that was dishonoured, an additional PAD (subject to change in accordance with the agreement for the loan) to pay the NSF fee due to DUCA. Refer to www.duca.com/rates for the most up-to-date NSF Fee.

The Payor agrees to inform DUCA in writing of any change in the Account information at least fifteen (15) business days before the date of the next debit. The Payor acknowledges (i) that delivery of this Authorization to DUCA constitutes delivery to the Processing Institution, (ii) that the Processing Institution is not required to verify that a PAD has been issued in accordance with this Authorization or that the purpose of the payment for which the PAD was issued has been fulfilled by DUCA as a condition to honouring a PAD, and (iii) that this Authorization applies only to the method of payment under the loan agreement and neither this Authorization nor cancellation thereof affects the obligation of the Applicant under that agreement.

The Payor has certain recourse rights if any PAD does not comply with this Authorization. For example, the Payor has the right to receive reimbursement for any PAD that is not authorized or is not consistent with this Authorization. To obtain more information on the Payer's recourse rights, the Payor may contact DUCA or visit www.payments.ca.

Contact Information: DUCA Financial Services Credit Union
Specialized Lending
4195 King Street East, Unit 110
Kitchener, ON N2P 0C1

ADDITIONAL DETAILS