

**MORTGAGE SALE AGREEMENT**

by and among

**EQUITABLE BANK**

as Seller

and

**EQB COVERED BOND (LEGISLATIVE) GUARANTOR  
LIMITED PARTNERSHIP**

as Purchaser

and

**COMPUTERSHARE TRUST COMPANY OF CANADA**

as Bond Trustee

**July 27, 2021**

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## MORTGAGE SALE AGREEMENT

**THIS MORTGAGE SALE AGREEMENT** (this “**Agreement**”) is made as of July 27, 2021.

BY AND AMONG:

**EQUITABLE BANK**, a bank named in Schedule I to the *Bank Act* (Canada), whose head office is at 30 St. Clair Avenue West, Suite 700, Toronto, Ontario, Canada M4V 3A1 (hereinafter referred to as “**Seller**”)

- and -

**EQB COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP**, a limited partnership formed under the laws of the Province of Ontario, whose registered office is at 66 Wellington Street West, Suite 5300, Toronto Dominion Bank Tower, Toronto, Ontario, Canada, M5K 1E6, by its managing general partner **EQB COVERED BOND (LEGISLATIVE) GP INC.** (hereinafter referred to as “**Purchaser**”)

- and -

**COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company formed under the laws of Canada whose registered office is at 100 University Avenue, 11<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 2Y1 in its capacity as the Bond Trustee (hereinafter the “**Bond Trustee**”).

**WHEREAS:**

- A. The Seller desires from time to time to sell, transfer and assign Loans on a fully-serviced basis, and the Purchaser desires to acquire such Loans on and subject to the terms and conditions of this Agreement.
- B. As a result of the sale of the Loans on a fully-serviced basis, the Seller and Purchaser have entered into the Servicing Agreement attached as Exhibit 1 hereto.
- C. As provided herein, the Purchaser shall pay the Aggregate Purchase Price on the Purchase Date for the Portfolio Assets and no further consideration will be paid to the Seller for the servicing of the Loans.

**THEREFORE THIS AGREEMENT WITNESSES THAT**, in consideration of the respective covenants, representations, agreements and warranties of the parties contained herein and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties covenant and agree as follows:

**ARTICLE 1  
DEFINITIONS AND INTERPRETATION**

- 1.1 Definitions and Interpretation** The master definitions and construction agreement made between, *inter alios*, the parties to this Agreement on July 27, 2021 (as the same may be amended, restated, varied or supplemented from time to time with the consent of the parties thereto, the “**Master Definitions and Construction Agreement**”) is expressly and specifically incorporated into this Agreement and, accordingly, the expressions defined in the Master Definitions and Construction Agreement (as so amended, restated, varied or supplemented from time to time) shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Agreement, including the recitals hereto, and this Agreement shall be construed in accordance with the interpretation provisions set out in Section 2 of the Master Definitions and Construction Agreement.
- 1.2** For the purposes of this Agreement, “this Agreement” has the same meaning as Mortgage Sale Agreement in the Master Definitions and Construction Agreement.

**ARTICLE 2  
AMOUNTS AND TERMS OF THE PURCHASES**

**2.1 Purchase Facility**

On and subject to the terms and conditions hereinafter set forth, the Purchaser hereby agrees to make purchases of Portfolio Assets pursuant to Section 2.2(a) from time to time.

**2.2 Making Purchases**

- (a) The Purchaser may from time to time enquire of the Seller, or the Seller may from time to time notify the Purchaser, as to the availability of Portfolio Assets to be acquired by the Purchaser from the Seller pursuant to this Agreement.
- (b) Upon receiving notice or confirmation, as the case may be, that the Seller has Portfolio Assets available for sale, the Seller may from time to time deliver an irrevocable written notice in the form of Schedule 2.2(b) (each, a “**Purchase Notice**”) to the Purchaser in accordance with Section 9.4 prior to 1:00 p.m. (Toronto time) on the Purchase Date.
- (c) Each Purchase Notice for a purchase of Loans shall:
  - (i) specify the date (each, a “**Purchase Date**”) on which the purchase and sale of the Portfolio Assets identified in such Purchase Notice is to take place and the Cut-Off Date for such purchase;
  - (ii) specify the Aggregate Purchase Price to be paid by the Purchaser to the Seller on the Purchase Date for the Portfolio Assets identified in such Purchase Notice that are sold on a fully serviced basis;
  - (iii) contain a listing of the Loans to be purchased on the Purchase Date including:

- (A) for each Loan subject to such Purchase Notice:
- (1) the Seller's identification number for such Loan;
  - (2) the name of the Borrower in respect of such Loan;
  - (3) the municipal street address, city, province and postal code of the related Mortgaged Property;
  - (4) the aggregate amount advanced in respect of the Loan;
  - (5) the rate of interest chargeable on each such Loan as of the related Cut-Off Date and whether such rate is fixed or variable;
  - (6) if applicable, the date(s) on which adjustments in interest are to take place or may be effected by the lender pursuant to the Mortgage Terms in respect of the Loan;
  - (7) the maturity date of such Loan;
  - (8) if applicable, the remaining amortization period in respect of such Loan;
  - (9) the Current Balance (excluding Capitalized Interest and Capitalized Arrears) of such Loan as of the related Cut-Off Date;
  - (10) in the case of Variable Rate Loans, the name of the applicable index; and
  - (11) type of Multiproduct Loan (i.e. Line of Credit or Multiproduct Mortgage Loan).
- (B) for all Loans subject to such Purchase Notice, on an aggregate basis:
- (1) the highest and lowest interest rates chargeable on all of the Loans included in such Purchase Notice;
  - (2) the weighted average amortization period for such applicable Loans (in months), if applicable;
  - (3) the current index, prime or other reference rate(s) applicable to such Loans as at the Cut-Off Date;
  - (4) the number of Loans identified in the Purchase Notice; and
  - (5) the aggregate Current Balance as of the related Cut-Off Date of such Loans.

- (d) If the Purchaser agrees to the terms and conditions set out in the Purchase Notice it shall signify its acceptance thereof by executing and returning such Purchase Notice to the Seller on the same day as the day of receipt thereof.
- (e) If the Purchaser fails to accept such Purchase Notice within such period it shall be deemed to have declined to complete the proposed purchase on the terms and conditions set out in such Purchase Notice and this Agreement.
- (f) Upon its acceptance of a Purchase Notice, there shall exist a binding agreement between the Seller and the Purchaser for the sale by the Seller and the purchase by the Purchaser from the Seller of all of the Seller's present and future right, title and interest in, to and under the Purchased Assets listed in the relevant Purchase Notice (which shall, for greater certainty, be deemed to include all present and future Additional Loan Advances as set forth in Section 2.5) upon the terms and conditions of this Agreement including, without limitation, satisfaction of the conditions precedent in Section 3.1, in the case of the initial purchase, and Section 3.2, in the case of the initial purchase and all subsequent purchases (it being understood that Section 3.1 and Section 3.2 are not separately applicable to the purchase of Additional Loan Advances and such Additional Loan Advances shall be made in accordance with Article 8 of the Servicing Agreement).
- (g) On each Purchase Date specified in a Purchase Notice, with respect to the Portfolio Assets specified in such Purchase Notice, together with all Collections from the Cut-Off Date to the relevant Purchase Date (collectively the "**Purchased Assets**"), the Purchaser shall, upon satisfaction of the applicable conditions set forth in Article 3, pay to the Seller in same day funds an amount equal to the Aggregate Purchase Price by depositing such amount into the Seller's Account or, if the Seller so elects in writing to the Purchaser on or before the applicable Purchase Date, the Purchaser shall credit the Seller's Capital Account Ledger with an amount equal to all (or the portion of the Aggregate Purchase Price not paid in cash) of the Aggregate Purchase Price. Upon such payment and deposit or credit, as the case may be, all of the Seller's beneficial ownership of such Purchased Assets subject to the related Purchase Notice shall be sold, assigned and transferred to the Purchaser on a fully serviced basis effective as of the related Cut-Off Date and the Seller will execute and deliver the Seller Assignment.
- (h) On each Purchase Date, the Seller shall provide to the Purchaser (prior to a downgrade by one or more Rating Agencies of the ratings of the Cash Manager below the Cash Management Deposit Ratings by delivery to the Cash Manager and following a downgrade by one or more Rating Agencies of the ratings of the Cash Manager below the Cash Management Deposit Ratings by deposit in the GIC Account) in respect of the Purchased Portfolio Assets acquired by the Purchaser on such date an amount equal to the aggregate Collections received by the Seller from the applicable Cut-Off Date to and including the date prior to such Purchase Date in respect of such Purchased Portfolio Assets.

## 2.3 Repurchase upon Breach or Adverse Claim

- (a) If the Purchaser (or the Cash Manager on its behalf) gives notice (each, a “**Portfolio Asset Repurchase Notice**”) to the Seller (with a copy to the Purchaser) upon the discovery of any (i) breach of the Seller’s representations, warranties or covenants made pursuant to or in connection with this Agreement which materially and adversely affects the interest of the Purchaser in any Purchased Portfolio Asset or the value of the affected Purchased Portfolio Asset; (ii) Adverse Claim (other than a Permitted Security Interest or a Security Interest arising through the Purchaser), which materially and adversely affects the interest of the Purchaser in any Purchased Portfolio Asset or the value of the affected Purchased Portfolio Asset, or (iii) fact or matter that renders invalid any power of attorney granted by the Seller in respect of any Purchased Portfolio Asset, then unless any such breach, Adverse Claim or invalid power of attorney shall have been cured by the end of the 30th calendar day commencing on the date on which such non-compliance is discovered, the Seller shall repurchase on a Calculation Date such Purchased Portfolio Asset and its Related Security (if applicable), and any other Loan secured or intended to be secured by that Related Security, which would include one or more Guarantor Purchased Loans made to the same Borrower which are owned by the Purchaser and secured by the same Related Security, or any part of it on or before the first Calculation Date occurring after such 30 calendar day period. The parties acknowledge that, for purposes of this Section 2.3(a), if any Purchased Portfolio Asset was not on the related Transfer Date an Eligible Loan, the interest of the Purchaser in such Purchased Portfolio Asset shall be deemed to have been materially and adversely affected. The Purchaser’s and the Bond Trustee’s sole remedy in respect of any matter referred to in this Section 2.3(a), including, for greater certainty, any Purchased Portfolio Asset not being an Eligible Loan on the related Transfer Date, shall be the requirement of the Seller to take the required action under this Section 2.3.
- (b) As consideration for the repurchase of any Purchased Portfolio Asset under this Section 2.3, the Seller shall remit the Repurchase Amount of such Purchased Portfolio Asset and any other Loan secured or intended to be secured by the Related Security of such Purchased Portfolio Asset on the applicable Calculation Date (with the Repurchase Amount being determined as of such Calculation Date), and thereupon all of the Purchaser’s right, title and interest in and to such Purchased Portfolio Asset and all Collections thereon and proceeds thereof from and after such Calculation Date shall be sold, assigned and transferred to the Seller effective as of such Calculation Date, without recourse, representation or warranty (whether express, implied, statutory or otherwise) to, against, by or on behalf of the Purchaser save and except that (x) such Purchased Portfolio Asset and proceeds thereof are free and clear of any Adverse Claim created by the Purchaser and (y) the Purchaser has the power and authority to sell, transfer and assign all of its right, title and interest in such Purchased Portfolio Asset and the proceeds thereof to the Seller as herein provided. The Purchaser will, at the expense of the Seller, execute and deliver such assignments or other instruments of conveyance with respect to any Purchased Portfolio Asset repurchased by the Seller pursuant to this Section 2.3 as may be reasonably requested. The Purchaser shall apply an amount equal to the Repurchase Amount (less Accrued Interest and Arrears of Interest) in accordance with the Pre-Acceleration Principal Priority of Payments.

## 2.4 Optional Repurchase Provisions

- (a) Prior to the occurrence of an Issuer Event of Default, the Seller may from time to time offer to purchase one or more of the Purchased Portfolio Assets at a purchase price (the “**Optional Repurchase Price**”) equal to the aggregate Fair Market Value with respect to such Purchased Portfolio Asset as of the date of such offer. The Purchaser may accept such an offer at its sole discretion by delivering to the Seller a notice in writing in the form set out in Schedule 2.4 (an “**Optional Repurchase Notice**”) if the Asset Coverage Test is satisfied on a *pro forma* basis after giving effect to such sale. Following the delivery of an Optional Repurchase Notice by the Purchaser to the Seller (i) the Seller shall provide to the Purchaser (prior to a downgrade by one or more Rating Agencies of the ratings of the Cash Manager below the Cash Management Deposit Ratings by delivery to the Cash Manager and following a downgrade by one or more Rating Agencies of the ratings of the Cash Manager below the Cash Management Deposit Ratings by deposit in the GIC Account) an amount equal to the Optional Repurchase Price on the closing date specified in the Optional Repurchase Notice (which date shall not be more than 30 days following the date of such offer); (ii) upon the making of such payment all of the Purchaser’s right, title and interest in and to such Purchased Portfolio Assets, and any Collections, from the date of such offer to such closing date shall be sold, assigned and transferred by the Purchaser to the Seller effective as of the date of such closing date, without recourse, representation or warranty (whether express, implied, statutory or otherwise) to, against, by or on behalf of the Purchaser save and except that (x) such Purchased Portfolio Assets and proceeds thereof are free and clear of any Adverse Claim created by the Purchaser and (y) the Purchaser has the power and authority to sell, transfer and assign all of its right, title and interest in such Purchased Portfolio Assets and proceeds thereof as herein provided. The Purchaser will, at the expense of the Seller execute and deliver such assignments or other instruments of conveyance with respect to the Purchased Portfolio Assets purchased pursuant to this Section 2.4 as may be reasonably requested.
- (b) The Seller, by providing an offer to the Purchaser pursuant to Section 2.4(a) above, shall be deemed to have represented and warranted to the Purchaser and the Bond Trustee that as of the date of such offer: (a) the Seller reasonably believes that the removal of the Purchased Portfolio Assets as specified in such offer: (i) will not cause an effect which is adverse to the Purchaser to occur and is not reasonably expected (with or without the passage of time or the giving of notice or both) to result in an effect which is adverse to the Purchaser at any time in the future; and (ii) will not result in a breach of the Asset Coverage Test as of the next Calculation Date; and (b) the Purchased Portfolio Assets to be removed were selected, in all material respects, (w) on a random basis, (x) as a result of the applicable Loan being within 60 days of the maturity date of such Loan, (y) as a result of the action or inaction of a third party, which, for greater certainty, may include the applicable Borrower in respect of non-repayment of a Loan, establishment of an additional or further advance (including an Additional Loan Advance) or the refinancing (including an early renewal option) or repayment at maturity of all or a portion of a Loan, and not the unilateral action of the Seller, or (z) in accordance with procedures determined by the Guarantor and reasonably believed by the Seller not to adversely affect the Guarantor or the Covered Bondholders.

## 2.5 Additional Loan Advances

The sale by the Seller of any Portfolio Assets to the Purchaser shall not include any obligation to pay any Additional Loan Advance (if any), or any other such obligation relating to payment of funds to a Borrower in respect of such Loans which obligation shall at all times, and notwithstanding the sale of such Portfolio Assets to the Purchaser, remain an obligation of the relevant Seller and the Seller shall have the right to fund such Additional Loan Advances. All Additional Loan Advances in the Covered Bond Portfolio will be funded in accordance with the terms of the Intercompany Loan Agreement and the Guarantor Agreement, will be sold and transferred to the Guarantor at the time such Additional Loan Advance is originated and disbursed to the Borrower, and upon transfer to the Guarantor (together with its applicable Related Security) shall be deemed to form part of the applicable Loan and Related Security. To the extent that an Additional Loan Advance is sold to the Guarantor, the amount of the Intercompany Loan will increase by the amount of the funded Additional Loan Advance which satisfies the Deemed Advance Preconditions pursuant to the terms of the Intercompany Loan Agreement and any remaining amount which does not satisfy the Deemed Advance Preconditions shall be deemed to constitute a Capital Contribution by the Seller and the Seller's interest, as a limited partner in the Guarantor, shall be increased by such amount pursuant to the terms of the Guarantor Agreement. For greater certainty, it is hereby confirmed that all present and future Additional Loan Advances sold to the Guarantor pursuant to the terms hereof will have the benefit of the applicable Related Security and upon sale by the Seller to the Guarantor of any such Additional Loan Advance (together with its applicable Related Security) the Seller shall have no interest therein.

## 2.6 Payments and Computations, Etc.

- (a) All amounts to be paid to the Cash Manager or deposited in the Guarantor Account, shall be paid or deposited, as the case may be, no later than 5:00 p.m. (Toronto time) on the day when due in same day funds. All amounts received after 5:00 p.m. (Toronto time) will be deemed to have been received on the immediately succeeding Canadian Business Day.
- (b) The Seller shall pay interest on any amount not paid or deposited by the Seller when due hereunder, at an interest rate equal to the then-current rate of interest payable by the Purchaser on Advances under the Intercompany Loan Agreement, payable on demand.
- (c) All computations of interest under subsection (b) above and all computations of fees and other amounts hereunder shall be made on the basis of a year of 365 (or 366, as applicable) days, as the case may be, for the actual number of days elapsed. Whenever any payment or deposit to be made hereunder shall be due on a day other than a Canadian Business Day, such payment or deposit shall be made on the next succeeding Canadian Business Day.
- (d) The Seller shall make all payments required to be made by it hereunder or under any other Purchase Document, in its personal capacity or in its capacity as Seller, without deduction, allowance or set-off regardless of any defence or counterclaim (whether based on any law, rule or policy now or hereafter issued or enacted by any Government Authority) unless required by applicable law.
- (e) Each interest rate which is calculated under this Agreement on any basis other than the actual number of days in a calendar year (the "**Deemed Interest Period**")

is, for the purposes of the *Interest Act* (Canada), equivalent to a yearly rate calculated by dividing such interest rate by the number of days in the Deemed Interest Period, then multiplying such result by 365 (or 366, as applicable).

### **ARTICLE 3 CONDITIONS OF PURCHASE**

#### **3.1 Conditions Precedent to Initial Purchase**

The initial purchase by the Purchaser of Portfolio Assets is subject to the conditions precedent that, as the case may be, the following shall have occurred or that the Purchaser shall have received on or before the date of such purchase (except as otherwise noted) the following, each in form and substance (including the date thereof) satisfactory to it, acting reasonably:

- (a) Executed copies of this Agreement and the other Purchase Documents.
- (b) A certificate of confirmation with respect to the Seller issued by the Office of the Superintendent of Financial Institutions.
- (c) Certified copies of all documents evidencing necessary corporate approvals.
- (d) A certificate of the General Counsel or Corporate Secretary of the Seller certifying the names and true signatures of the officers of the Seller authorized to sign this Agreement and the other Purchase Documents to which it is a party. Until the Purchaser receives a subsequent incumbency certificate from the Seller, the Purchaser shall be entitled to rely on the last such certificates delivered to it by the Seller.
- (e) A favourable opinion of counsel for the Seller, in form satisfactory to the Purchaser, acting reasonably.
- (f) Acknowledgements or duplicate registration copies of proper assignments, Financing Statements and other similar documents or instruments, with registration particulars stamped thereon, naming the Seller as seller or assignor and the Purchaser as purchaser or assignee, and duly filed under the PPSA in Ontario on or before the date of such purchase and pursuant to Article 1642 of the Civil Code in Québec within seven Canadian Business Days following such purchase in order to perfect the interests of the Purchaser in the applicable Loans contemplated by this Agreement.
- (g) Executed copies of all financing statements, financing change statements, discharges and releases, if any, necessary to discharge or release all security interests and other rights or interests of any Person in the Purchased Assets previously granted by the Seller, together with copies of the relevant financing change statements or other discharge statements or releases with the registration particulars stamped thereon or other assurance satisfactory to the Purchaser.
- (h) Completed PPSA search results, dated within five Canadian Business Days of the date of the initial Purchase Date, listing the financing statements referred to in Section 3.1(f) above (other than those filed in Québec, search results in respect of which will be made available within five Canadian Business Days of such filing)

and all other effective financing statements filed in the jurisdictions referred to in Section 3.1(f) above that name the Seller as debtor and show no other Adverse Claims on any of the Purchased Loans or Related Security.

- (i) Such other approvals, opinions or documents as the Purchaser may reasonably request.

### **3.2 Conditions Precedent to All Purchases**

Each purchase by the Purchaser under this Agreement of Loans and the Related Security (including the initial purchase of Loans and the Related Security) shall be subject to the further conditions precedent that, as the case may be, the following shall have occurred or that the Purchaser shall have received on or before the date of such purchase (except as otherwise noted) the following, each in form and substance (including the date thereof) satisfactory to it, acting reasonably:

- (a) A completed Purchase Notice in accordance with Section 2.2(a) of this Agreement.
- (b) On the applicable Purchase Date, the following statements shall be true (and acceptance of the Aggregate Purchase Price payable by the Purchaser to the Seller on the date of such purchase shall be deemed a representation and warranty by the Seller that such statements are then true):
  - (i) the representations and warranties contained in Sections 4.1 and 4.2 are true and correct on and as of the date of such purchase as though made on and as of such date;
  - (ii) no event has occurred and is continuing, or would result from such purchase, that constitutes a Servicer Event of Default or that would constitute a Servicer Event of Default but for the requirement that notice be given or time elapse or both;
  - (iii) no event has occurred and is continuing, or would result from such purchase, that constitutes an Issuer Event of Default or Guarantor Event of Default or that would constitute an Issuer Event of Default or Guarantor Event of Default but for the requirement that notice be given or time elapse or both; and
  - (iv) the Purchaser, on the advice of the Cash Manager, is not aware, and could not reasonably be expected to be aware, that the purchase of the relevant Portfolio Assets would adversely affect the then current ratings by the Rating Agencies of the Covered Bonds.
- (c) An executed Seller Assignment in respect of the Purchased Portfolio Assets to be sold to the Purchaser on the applicable Purchase Date, together with (i) if applicable, a Release of Security for any Shared Security in respect of those Purchased Loans which will constitute Guarantor Purchased Loans upon such sale in accordance with the Security Sharing Agreement, and (ii) such number of executed separate registrable powers of attorney substantially in the form contemplated by Section 7.5 as the Purchaser may request.

- (d) Such other approvals, opinions or documents as the Purchaser may reasonably request.
- (e) If the sale of New Loans on the relevant Purchase Date includes the sale of New Portfolio Asset Types to the Purchaser, the Rating Agency Condition has been satisfied in respect of the purchase of such New Portfolio Asset Types.
- (f) Any New Loans and their Related Security sold by a New Seller to the Purchaser comply with the Eligibility Criteria set out herein.
- (g) Each New Seller accedes to the Dealership Agreement(s) and enters into such other documents as may be required by the Bond Trustee and/or the Purchaser (acting reasonably) to give effect to the addition of a New Seller to the transactions contemplated under the Programme.
- (h) If it has not already done so, the relevant New Seller accedes to the terms of this Agreement, the Custodial Agreement, the Master Definitions and Construction Agreement and, if applicable, the Security Sharing Agreement (in each case with such subsequent amendments as may be agreed by the parties thereto) so that it has in relation to those New Loans and their Related Security to be sold to the Purchaser substantially the same rights and obligations as the Original Seller had in relation to those Portfolio Assets previously sold into the Covered Bond Portfolio hereunder and procures that on the relevant Purchase Date its legal advisers shall provide the Purchaser and the Bond Trustee with legal opinions opining on, amongst other things, the accession of the relevant New Seller to this Agreement in such form as may be reasonably required by the Bond Trustee.
- (i) If it has not already done so, the relevant New Seller accedes to the terms of the Guarantor Agreement as a limited partner (with such subsequent amendments as may be agreed between the parties thereto) so that the relevant New Seller has in relation to those New Loans and their Related Security to be sold to the Purchaser, substantially the same rights and obligations as the Original Seller had in relation to those Portfolio Assets previously sold into the Covered Bond Portfolio thereunder.
- (j) If the relevant New Seller has not already done so, (i) that New Seller accedes to the terms of the Servicing Agreement (with such subsequent amendments as may be agreed by the parties thereto) or (ii) the New Seller enters into a servicing agreement with the Purchaser and the Bond Trustee which sets out the servicing obligations of the New Seller in relation to the New Loans and their Related Security and which is on terms substantially similar to the terms set out in the Servicing Agreement or otherwise subject to satisfaction of the Rating Agency Condition and in compliance with the CMHC Guide (in the event the New Loans and their Related Security are not purchased on a fully serviced basis, the servicing agreement shall set out fees payable to the Servicer or the New Seller acting as servicer of such New Loans and their Related Security which may be determined on the date of the accession of the New Seller to the Programme).
- (k) If it has not already done so, the relevant New Seller accedes to the terms of the Trust Deed and the Security Agreement in such form as may be required by the Purchaser and the Bond Trustee (each acting reasonably) (with such subsequent

amendments as may be agreed between the parties thereto respectively) and enters into such other documents in such form as may be required by the Bond Trustee and the Purchaser (each acting reasonably) to give effect to the addition of the relevant New Seller to the transactions contemplated by the Programme.

- (l) The Bond Trustee is satisfied that the accession of the relevant New Seller to the Programme would not be materially prejudicial to the Covered Bondholders and the Rating Agency Condition has been satisfied.
- (m) The Bond Trustee is satisfied that the accession of any New Seller to the Programme would be without prejudice to the Asset Coverage Test.
- (n) On the relevant Purchase Date, if the Seller is a New Seller, the relevant New Seller shall deliver to the Bond Trustee or its representative the following documents:
  - (i) A certificate of confirmation with respect to the New Seller issued by the Office of the Superintendent of Financial Institutions.
  - (ii) Certified copies of all documents evidencing necessary corporate approvals.
  - (iii) A certificate of the General Counsel or the Corporate Secretary of the New Seller certifying the names and true signatures of the officers of the New Seller authorized to sign this Agreement and the other Purchase Documents to which it is a party. Until the Purchaser receives a subsequent incumbency certificate from the New Seller, the Purchaser shall be entitled to rely on the last such certificates delivered to it by the New Seller.
  - (iv) A favourable opinion of legal counsel for the New Seller, in form satisfactory to the Purchaser, acting reasonably.
  - (v) Acknowledgements or duplicate registration copies of proper assignments, Financing Statements and other similar documents or instruments, with registration particulars stamped thereon, naming the New Seller as seller or assignor and the Purchaser as purchaser or assignee, and duly filed under the PPSA in Ontario on or before the date of such purchase and pursuant to Article 1642 of the Civil Code in Québec within seven Canadian Business Days following such purchase in order to perfect the interests of the Purchaser in the applicable Loans contemplated by this Agreement.
  - (vi) Executed copies of all financing statements, financing change statements, discharges and releases, if any, necessary to discharge or release all security interests and other rights or interests of any Person in the Purchased Assets previously granted by the New Seller, together with copies of the relevant financing change statements or other discharge statements or releases with the registration particulars stamped thereon or other assurance satisfactory to the Purchaser.

- (vii) Completed PPSA search results, dated within five Canadian Business Days of the date of the initial Purchase Date, listing the financing statements referred to in Section 3.1(f) and Section 3.2(n)(v) above (other than those filed in Québec, search results in respect of which will be made available within five Canadian Business Days of such filing) and all other effective financing statements filed in the jurisdictions referred to in Section 3.1(f) and Section 3.2(n)(v) above that name the New Seller as debtor and show no other Adverse Claims on any of the Purchased Loans.
- (viii) Such other approvals, opinions or documents as the Purchaser may reasonably request.
- (o) To the extent not previously delivered, acknowledgements or duplicate registration copies of proper assignments, Financing Statements and other similar documents or instruments, with registration particulars stamped thereon, naming the Seller as seller or assignor and the Purchaser as purchaser or assignee, and duly filed under the PPSA in Ontario on or before the date of such purchase and pursuant to Article 1642 of the Civil Code in Québec within seven Canadian Business Days following such purchase in order to perfect the interests of the Purchaser in the applicable Loans contemplated by this Agreement.
- (p) Completed PPSA search results, dated within five Canadian Business Days of the date of the applicable Purchase Date, listing the financing statements referred to in Section 3.1(f) and Section 3.2(o) above (other than those filed in Québec, search results in respect of which will be made available within five Canadian Business Days of such filing) and all other effective financing statements filed in the jurisdictions referred to in Section 3.1(f) and Section 3.2(o) above that name the Seller as debtor and show no other Adverse Claims on any of the Purchased Loans or Related Security.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Seller Representations and Warranties**

The Seller represents and warrants to the Purchaser as follows as of the date hereof and as of each Purchase Date that:

- (a) The Seller is a Schedule I Bank existing under the laws of Canada and duly qualified to do business in every jurisdiction where the nature of its business requires it to be so qualified, except where the failure to qualify would not constitute a Material Adverse Event.
- (b) The Seller is not a Non-resident.
- (c) The execution, delivery and performance by the Seller of the Purchase Documents to which it is a party (i) are within the Seller's corporate powers, (ii) have been duly authorized by all necessary corporate action, and (iii) do not contravene or result in a material default under or material conflict with (1) the charter or by-laws of the Seller, (2) any law, rule or regulation applicable to the Seller, or (3) any order, writ,

judgment, award, injunction, decree or contractual obligation binding on or affecting the Seller or its property.

- (d) No authorization, approval, licenses, consent or other action by, and no notice to or filing with, any Governmental Authority or other Person is required for the due execution, delivery and performance by the Seller of each Purchase Document to which it is a party or to make such Purchase Document legal, valid, binding and admissible into evidence in a court of competent jurisdiction, other than authorizations, approvals, licenses, consents, actions, notices, filings or polling that have been obtained, made or taken.
- (e) Each of the Purchase Documents to which the Seller is a party has been duly executed and delivered and constitutes the legal, valid and binding obligation of, and is enforceable in accordance with its terms against, the Seller, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.
- (f) There are no actions, suits or proceedings pending or, to the knowledge of the Seller, threatened, against or affecting the Seller at law, in equity or before any arbitrator or Governmental Authority having jurisdiction which, if adversely determined, would result in a Material Adverse Event.
- (g) The Seller is the legal and beneficial owner of the Loans to be sold to the Purchaser on each Purchase Date, free and clear of any Adverse Claim other than Permitted Security Interests; upon each purchase, the Purchaser shall acquire a valid and enforceable first priority perfected beneficial ownership interest in the applicable Loans (which, for greater certainty, shall be Purchased Loans) and Collections and other proceeds with respect thereto, free and clear of any Adverse Claim other than Permitted Security Interests.
- (h) Other than (i) registrations in the appropriate land titles office, land registry office or similar office of public registration in respect of the sale, transfer and assignment of the relevant Purchased Loans from the Seller to the Purchaser effected by this Agreement and the Seller Assignments (and any applicable registration in respect of registered title to the relevant Loans), including the Mortgages securing the Purchased Loans, (ii) the provision to Borrowers under the related Purchased Loans or the obligors under the Related Security of actual notice of the sale, transfer and assignment thereof to the Purchaser, and (iii) certain registrations provided in the *Civil Code of Québec* for Properties located in the Province of Québec and the registration provided in Article 1642 of the *Civil Code of Québec*, all material filings, recordings, notifications, registrations or other actions under all applicable laws have been made or taken in each jurisdiction where necessary or appropriate to give legal effect to the transactions contemplated hereby and by the other Purchase Documents, and to validate, preserve, perfect and protect the Purchaser's ownership interest in and rights to collect any and all of the related Purchased Loans being purchased on the relevant Purchase Date, including the right to service and enforce such Purchased Loans and the Related Security related thereto.

- (i) Each Purchase Notice, information, exhibit, financial statement, document, book, record or report furnished or to be furnished at any time by or on behalf of the Seller, as Seller or otherwise, to the Purchaser in connection with this Agreement is or will be complete and accurate in all material respects as of the date so furnished.
- (j) Each Portfolio Asset subject to the Purchase Notice will meet the Eligibility Criteria as of the Transfer Date.
- (k) The Seller's complete name is set forth in the preamble to this Agreement.
- (l) The chief or principal place of business, domicile and chief executive office (as such terms are used in the PPSA or the *Civil Code of Québec*) of the Seller are located at the address referred to in Schedule 4.1(l).
- (m) Each Loan File is complete in all material respects and reflects all material transactions between the Seller and the Borrower under the related Purchased Loans and any other Person in respect thereof.
- (n) No selection procedures have been used in identifying the Portfolio Assets for sale to the Purchaser which are adverse in any material respect to the interests of the Purchaser.
- (o) The particulars of the Portfolio Assets set out in the relevant Purchase Notice in respect of any relevant Cut-Off Date are true, complete and accurate in all material respects.
- (p) Each of the Loans was originated by the Seller in compliance with all material laws applicable thereto, in the ordinary course of business and kept on its books for a minimum of one month prior to the Cut-Off Date.
- (q) Each Loan (other than Line of Credit Loans) has a remaining amortization period of less than 50 years as at the relevant Cut-Off Date.
- (r) All of the Borrowers are individuals or have guarantees from individuals for the Loans (which guarantees and any security related to such guarantees are assignable and will be sold, transferred and assigned to the Purchaser as Related Security).
- (s) Prior to the making of each advance under each of the relevant Loans, the Lending Criteria and all preconditions to the making of any Loan were satisfied in all material respects subject only to such exceptions as made on a case by case basis as would be acceptable to a Reasonable and Prudent Mortgage Lender.
- (t) Each Loan was made and its Related Security taken or received substantially on the terms of the Standard Documentation, and is subject to renewal in accordance therewith using Standard Documentation therefor, without any material variation thereto and nothing has been done subsequently to add to, lessen, modify or otherwise vary the express provisions of any of the same in any material respect.

- (u) No Loan is guaranteed by a third party save where the guarantee and any security related to such guarantee constitutes legal, valid and binding obligations of the guarantor enforceable in accordance with their terms in all material respects and are assignable to the Purchaser and its assigns, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.
- (v) The Current Balance on each Loan and its Related Security (excluding for greater certainty, any agreement to provide further advances pursuant to the Mortgage Terms in respect of any relevant Loan including, without limitation, Additional Loan Advances and Line of Credit Drawings, which have not yet been advanced and become debts due) constitute a legal, valid, binding and enforceable debt due to the Seller from the relevant Borrower and the terms of each Loan and its Related Security constitute valid and binding obligations of the Borrower enforceable in accordance with their terms (other than any agreement for Line of Credit Drawings (if any) and any other Additional Loan Advances).
- (w) The whole of the Current Balance on each Loan is secured by a Mortgage over residential Property in Canada consisting of not more than four units.
- (x) Each Mortgage constitutes a valid first mortgage lien or hypothec over the related residential Property, or is insured as a first priority lien or hypothec, in each case subject to Permitted Security Interests.
- (y) Each Mortgage has first priority, subject to Permitted Security Interests, for the whole of the Current Balance on the Loan and all future interest, fees, costs and expenses payable under or in respect of such Mortgage.
- (z) The True Balance on each Loan (other than any agreement for Additional Loan Advances (if any)) constitutes a legal, valid, binding and enforceable debt due to the Seller from the relevant Borrower and the terms of each Loan and its related Mortgage constitute valid and binding obligations of the Borrower enforceable in accordance with their terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.
- (aa) There is no requirement in order for a sale, transfer and assignment of the Portfolio Assets to be effective to obtain the consent of the Borrower to such sale, transfer or assignment and such sale, transfer and assignment shall not give rise to any claim by the Borrower against the Purchaser, the Bond Trustee or any of their successors in title or assigns.
- (bb) All of the Properties are in Canada.
- (cc) Not more than 12 months (or a longer period as may be acceptable to a Reasonable and Prudent Mortgage Lender) prior to the granting of each Loan, the Seller obtained information on the relevant Property from an independently maintained valuation model, acceptable to Reasonable and Prudent Mortgage Lenders, or received a valuation report on the relevant Property, which would be, and the contents or confirmation, as applicable, of which, were such as would be,

acceptable to Reasonable and Prudent Mortgage Lenders or obtained such other form of valuation of the relevant Property which has satisfied the Rating Agency Condition.

- (dd) Prior to the taking of Related Security (other than a re-mortgage) in respect of each Loan, the Seller instructed lawyers or service providers to conduct a search of title to the relevant Property and to undertake such other searches, investigations, enquiries and actions on behalf of the Seller as would be acceptable to a Reasonable and Prudent Mortgage Lender or the Borrower was required to obtain either (i) a solicitor's or notary's opinion on title or (ii) Lender's title insurance in respect of the Loan from an insurer acceptable to Reasonable and Prudent Mortgage Lenders.
- (ee) Each Loan contains a requirement that the relevant Property forming part of the Related Security be covered by adequate building insurance maintained by the Borrower or in the case of a leasehold property under a policy arranged by a relevant landlord or property management company.
- (ff) The Seller has, since the making of each Loan, serviced, in all material respects, the Loan in compliance with all material laws applicable thereto, kept or procured the keeping of full and proper accounts, books and records showing clearly all transactions, payments, receipts, proceedings and notices relating to such Portfolio Assets.
- (gg) The Seller has put in place procedures so that the mortgage documentation relating to the Loans includes the consent of the Mortgagor to disclosure by the Seller of information relating to the Mortgagor and the related Loans to other Persons, which would include the Purchaser.
- (hh) Each Loan being sold on a Transfer Date satisfies the Eligibility Criteria as in effect on such Transfer Date.
- (ii) Each Loan satisfies the requirements of Section 21.6 of the Covered Bond Legislative Framework as in effect on the related Transfer Date.
- (jj) Each Loan satisfies the eligibility criteria as may be prescribed by the CMHC Guide as in effect on the related Transfer Date.

If New Portfolio Asset Types are to be sold to the Purchaser, then the Representations and Warranties will be modified as required to accommodate these New Portfolio Asset Types (subject to satisfaction of the Rating Agency Condition and compliance with the CMHC Guide and the Covered Bond Legislative Framework).

The representations and warranties of the Seller shall survive the Purchase Date on which such representations and warranties are given or deemed to be given pursuant to this Agreement.

#### **4.2 Purchaser Representations and Warranties**

Purchaser represents and warrants to the Seller as of the date hereof and as of each Purchase Date that:

- (a) The Purchaser is a limited partnership formed under the laws of the Province of Ontario, and is duly qualified to do business in every jurisdiction where the nature of its business requires it to be so qualified, except where the failure to so qualify would not have a material adverse effect on its business, condition or operations.
- (b) The execution, delivery and performance by the Managing GP on behalf of the Purchaser of the Purchase Documents to which the Purchaser is a party (i) are within the corporate or other powers of the Managing GP, (ii) have been duly authorized by all necessary corporate or other action, and (iii) do not contravene or result in a default under or conflict with (1) the charter or by-laws or other constituting document of the Managing GP or the Guarantor Agreement, (2) any law, rule or regulation applicable to the Managing GP or the Purchaser, or (3) any order, writ, judgment award, injunction, decree or contractual obligation binding on or affecting the Managing GP or the Purchaser or their respective property.
- (c) There are no actions, suits or proceedings pending or, to the knowledge of the Purchaser, threatened, against or affecting the Purchaser or any of its undertakings and assets, at law, in equity or before any arbitrator or Governmental Authority having jurisdiction which, if adversely determined, would reasonably be expected to materially adversely affect the financial condition or operations of the Purchaser or its property or the ability of the Purchaser to perform its obligations under this Agreement, or which purports to affect the legality, validity or enforceability of this Agreement.
- (d) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person is required for the due execution, delivery and performance by the Purchaser of the Purchase Documents to which it is a party, other than those that have been obtained, made or taken.
- (e) Each of the Purchase Documents to which the Purchaser is a party has been duly executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of, and is enforceable in accordance with its terms against, the Purchaser except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.

The representations and warranties of the Purchaser shall survive the Purchase Date on which such representations and warranties are given or deemed to be given pursuant to this Agreement for a period of three years following such Purchase Date. Payment of damages in respect of any claim by the Seller in connection with a breach of the representations and warranties of the Purchaser shall be subordinated to payments of principal and interest to Covered Bondholders.

## **ARTICLE 5 COVENANTS**

### **5.1 Seller Covenants**

The Seller covenants and agrees with the Purchaser that, until the date on which the Outstanding Principal Balance of each Purchased Loan (i) is reduced to zero or (ii) is determined

to be uncollectible by the Servicer in accordance with the standards of a Reasonable and Prudent Mortgage Lender:

- (a) Compliance with Laws, Etc. The Seller shall comply in all respects with all applicable laws, rules, regulations and orders, and preserve and maintain its corporate existence, rights, franchises, qualifications, and privileges, except to the extent that the failure so to comply with such laws, rules and regulations or the failure so to preserve and, maintain such existence, rights, franchises, qualifications, and privileges would not result in a Material Adverse Event.
- (b) Ownership Interest, Etc. The Seller shall (subject, with respect to Guarantor Purchased Loans secured by Shared Security, to the provisions of the Security Sharing Agreement) take all action necessary or desirable to establish and maintain the Purchaser's acquisition as a valid and enforceable first priority perfected ownership interest in the Purchased Loans and Related Security free and clear of any Adverse Claim, except for Permitted Security Interests and the security interests created by the Purchaser, in favour of the Purchaser, including, without limitation, executing, delivering and registering all Financing Statements and taking such other action to perfect, protect or more fully evidence the interest of the Purchaser under this Agreement as the Purchaser may request; provided, however, that the Seller shall not be required to register any transfers or assignments in respect of the Purchased Loans, including the related Mortgages, on the title to the related Mortgaged Properties until the time or times otherwise specified therefor by the Purchaser pursuant to and in accordance with this Agreement.
- (c) Sales, Liens, Etc. The Seller shall not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim, other than Adverse Claims in favour of the Purchaser or which are Permitted Security Interests, upon or with respect to, any or all of the Purchased Assets (including without limitation upon or with respect to any account to which any Collections are deposited) except as herein provided or as provided in the Security Sharing Agreement.
- (d) Marking of Records. At its expense, the Seller shall mark its records relating to the Purchased Assets to clearly evidence that the Purchased Assets have been sold in accordance with this Agreement and the other Purchase Documents and showing the Purchaser as beneficial owner of the Purchased Assets.
- (e) Ineligible Assets. The Seller shall promptly, and in any event not later than the next Guarantor Payment Date, notify the Purchaser, the Servicer and Cash Manager (in each case if other than the Seller) and the Bond Trustee after determining that any Purchased Asset did not meet the Eligibility Criteria on the applicable Purchase Date for such Purchased Asset.
- (f) Loan and Related Security Files. Except where lodged with the relevant registry in relation to any registration or recording which may be pending, and subject, with respect to Guarantor Purchased Loans secured by Shared Security, to the provisions of the Security Sharing Agreement, the Loans, the Related Security and the Loan Files relating to the Loans in the Covered Bond Portfolio will be held by, or to the order of, the Seller or the Servicer, as the case may be, or by solicitors,

service providers or licensed conveyancers acting for the Seller, in connection with the Portfolio Assets. The Seller or the Servicer, as the case may be, undertakes that from the relevant Purchase Date until the perfection of the sale in accordance with the terms hereof, such Seller (or Servicer, as the case may be) shall hold the Loan Files relating to each New Loan and its Related Security sold by it on the relevant Purchase Date that are in its possession or under its control or held to its order to the order of the Bond Trustee or as the Bond Trustee shall direct and the right, interest and title of the Purchaser to the Portfolio Assets will be secured by irrevocable powers of attorney granted by the Seller, as of the Transfer Date such Loans are transferred, in favour of the Purchaser (or the Managing GP) and the Bond Trustee in respect of registered title to the Portfolio Assets.

- (g) Deliverables to the Custodian. Upon the occurrence of an event described in Section 7.1(a) (including clause (vi) thereof) of this Agreement, the Seller, or the Servicer or the Cash Manager on behalf of the Seller, shall deliver to the Custodian (i) for safekeeping, updated (A) Eligible Loan Details, and (B) Substitute Asset Details in respect of all Portfolio Assets and Substitute Assets held by the Purchaser, respectively, and (ii) to the extent not previously delivered to the Custodian, each of the powers of attorney required by Section 7.5, together with documentary evidence of chain of title to the Portfolio Assets and Substitute Assets held by the Purchaser and duly executed copies of any other registrable forms of assignment that may be required by the Purchaser in order to Perfect the sale, assignment and transfer of the Portfolio Assets from the Seller to the Purchaser, including for greater certainty, any additional documents that may be required for such purposes pursuant to the CMHC Guide or otherwise in respect of the Quebec Purchased Assets.
- (h) Further Assurances. The Seller undertakes to the Purchaser and the Bond Trustee that, pending Perfection under Article 7, (but subject, with respect to Guarantor Purchased Loans secured by Shared Security, to the provisions of the Security Sharing Agreement) the Seller:
- (i) shall not do or omit to do any act or thing which might, in the reasonable opinion of the Bond Trustee, prejudice the interests of the Purchaser and/or the Bond Trustee in the Covered Bond Portfolio;
  - (ii) shall promptly notify the Purchaser and the Bond Trustee in writing if it receives written notice of any litigation or claim calling into question in any material way the Seller's or the Purchaser's title to any Loan comprised in the Covered Bond Portfolio or a Loan's Related Security or if it becomes aware of any material breach of any of the Representations and Warranties or other obligations under this Agreement;
  - (iii) shall, if reasonably required so to do by the Purchaser or the Bond Trustee, participate or join in any legal proceedings to the extent necessary to protect, preserve and enforce the Seller's or the Purchaser's or the Bond Trustee's title to or interest in any Loan or its Related Security; and
  - (iv) shall make and enforce claims under any applicable insurance policies relating to the Portfolio Assets to which the Seller is entitled to any benefit

and hold the proceeds of such claims on trust for the Purchaser or as the Purchaser may direct.

- (i) Custodial Agreement and CMHC Guide. The Seller undertakes to the Purchaser and the Bond Trustee to comply with its obligations under (i) the Custodial Agreement, in all material respects, (ii) the other Transaction Documents to which it is a party, in all material respects, and (iii) the CMHC Guide, in each case in any capacity.
- (j) New Portfolio Asset Types. The Seller shall not sell any New Portfolio Asset Types, (which as of the date hereof would include any Line of Credit Loans (including, for greater certainty, any Line of Credit Drawings thereunder)), to the Guarantor under this Agreement until such time as (i) CMHC has advised the Seller, the Guarantor, the Bond Trustee and the Custodian in writing that CMHC has verified that the sale by the Seller to the Guarantor of such New Portfolio Asset Type under this Agreement is in compliance with the CMHC Guide, (ii) all amendments to this Agreement and any other Transaction Documents required in order to comply with the provisions of the CMHC Guide in connection with such sale have been effected and approved in writing by CMHC, and (iii) the Rating Agency Condition has been satisfied.

## 5.2 Purchaser Covenant

The Purchaser covenants and agrees with the Seller and the Bond Trustee that it will comply with its obligations under (a) each of the Transaction Documents to which it is a party, in all material respects, and (b) the CMHC Guide.

## ARTICLE 6 INDEMNIFICATION

### 6.1 Indemnities by the Seller

Without limiting any other rights that the Purchaser or any of its Affiliates, employees, agents, successors, transferees or assigns (each, an “**Indemnified Party**”) may have hereunder or under applicable law, the Seller hereby agrees, subject to the exclusions set forth below, to indemnify each Indemnified Party from and against any and all claims, damages, expenses, losses and liabilities (including legal costs) arising out of, relating to or resulting from any of the following (all of the foregoing being collectively referred to as “**Indemnified Amounts**”):

- (a) subject to Section 2.3 hereof, the failure of any Purchased Portfolio Asset to meet the Eligibility Criteria as of its Purchase Date;
- (b) subject to Section 2.3 hereof, the failure of any representation or warranty or statement made or deemed made by the Seller (or any of its officers), under or in connection with this Agreement or any other Purchase Document to have been true and correct when made;
- (c) the failure by the Seller to comply with any applicable law, rule or regulation with respect to the servicing, administration, enforcement or other dealing with any Purchased Loans; or the failure of any Purchased Loans to conform to any such applicable law, rule or regulation;

- (d) the failure to sell, assign, transfer and convey to the Purchaser beneficial ownership in the Purchased Assets, and to vest in and maintain vested in, the Purchaser a valid and enforceable first priority perfected ownership interest in the Purchased Loans and Related Security (including upon registration by the Purchaser of any Registrable Transfers) free and clear of any Adverse Claim (other than a Permitted Security Interest or Adverse Claim in favour of the Purchaser) including, without limitation, any claim by any Governmental Authority that any part of the Purchased Assets consisting of amounts payable by the related Borrowers constitute the property of or are otherwise subject to the ownership, control or an Adverse Claim of or in favour of such Governmental Authority other than a Permitted Security Interest;
- (e) the failure to have filed, or any delay in filing, Financing Statements, Registrable Transfers or other similar instruments or documents under any applicable laws of any applicable jurisdiction with respect to the Purchased Assets or any part thereof, whether at the time of any purchase or at any subsequent time;
- (f) any failure of the Seller to perform its covenants, duties or obligations in accordance with the provisions of this Agreement or any other Purchase Document or to perform its covenants, duties or obligations under the Purchased Portfolio Assets;
- (g) any failure by the Seller or its assignee to repurchase any Purchased Portfolio Assets pursuant to Section 2.3,

and the Seller shall pay on demand (without duplication) to each Indemnified Party any and all amounts necessary to indemnify such Indemnified Party from and against any and all Indemnified Amounts arising out of, relating to or resulting from, any of the foregoing provided, however, that the foregoing obligation of indemnification shall not include Indemnified Amounts to the extent resulting from gross negligence or wilful misconduct on the part of such Indemnified Party.

## **ARTICLE 7 PERFECTION OF THE SALE OF LOANS**

### **7.1 Perfection of Loan Sales**

- (a) Subject to Section 7.1(b), the Purchaser (or the Bond Trustee) will cause or, pursuant to this Article 7, will require the Seller to cause, the sales, transfers and assignments contemplated by this Agreement to be Perfected as soon as practicable and in any event on or before the 60th day after the earliest to occur of:
  - (i) a Servicer Event of Default that has not been remedied within 30 days or such shorter period permitted by the Servicing Agreement;
  - (ii) an Issuer Event of Default (other than an Insolvency Event with respect to the Issuer) that has not been remedied within 30 days or such shorter period permitted by Condition 7.01;

- (iii) an Insolvency Event (without regard to the parenthetical language in clause (a) of such definition) with respect to the Seller;
  - (iv) the acceptance by an applicable purchaser of any offer by the Purchaser to sell Portfolio Assets (only in respect of the Loans being sold and their Related Security) to any such purchaser other than the Seller, unless otherwise agreed by such purchaser and the Purchaser, with the consent of the Bond Trustee, which consent will not be unreasonably withheld;
  - (v) a Seller and/or the Purchaser being required to Perfect legal title to the Mortgages by:
    - (A) law;
    - (B) by an order of a court of competent jurisdiction; or
    - (C) by any regulatory authority which has jurisdiction over the Seller, or the Purchaser to effect such perfection; and
  - (vi) the date on which the Seller ceases to be assigned a long-term, unsecured, unsubordinated, unguaranteed debt obligation rating by DBRS of at least BBB (low) and a long-term issuer default rating of at least BBB- by Fitch.
- (b) Notwithstanding the occurrence of any event or circumstance described in Section 7.1(a), none of the sales, transfers and assignments contemplated by this Agreement are required to be Perfected if (x) satisfactory assurances are provided by OSFI or such other supervisory authority having jurisdiction over the Seller and (y) the Rating Agency Condition has been satisfied permitting registered title to the Mortgages and any Related Security for the Purchased Loans to remain with the Seller until such time as:
- (i) the Portfolio Assets are to be sold or otherwise disposed of by the Purchaser or the Bond Trustee in the performance of their respective obligations under the Transaction Documents; or
  - (ii) the Purchaser or the Bond Trustee is required to take actions to enforce or otherwise deal with the Portfolio Assets.

## **7.2 Registration**

Subject to the terms of this Article 7, Perfection of the transfer of the Purchased Portfolio Assets in the Covered Bond Portfolio over Properties shall be effected by means of a Registrable Transfer or a transfer in the form requested by the relevant land titles office, land registry office or similar office of public registration for the location where the real property subject thereto is situate and Perfection of the transfer of other Related Security comprised in the Covered Bond Portfolio, shall be in such form as the Purchaser and the Bond Trustee (each acting reasonably) may require.

## **7.3 Acts Prior to Perfection**

Until the happening of an event described in Section 7.1(a) of this Agreement, the Seller

shall, directly (i) hold the registered title to the Mortgages and any Related Security for the Purchased Loans as agent, nominee and bailee for and on behalf of the Purchaser (or the Managing GP or the Liquidation GP on behalf of the Purchaser, as applicable, or, with respect to Guarantor Purchased Loans secured by Shared Security, the Seller or any third party purchaser of Seller Retained Loans, subject to the provisions of the Security Sharing Agreement) and (ii) deliver such agreements, and take all actions with respect to the Loans and Related Security as the Purchaser (or the Managing GP or the Liquidation GP on behalf of the Purchaser, as applicable) may direct and the Seller shall comply with the foregoing. Subject to the Security Sharing Agreement, neither the Purchaser nor the Bond Trustee will consent or instruct any person to register or deposit or cause to be registered or deposited in any land registry or land titles office or similar place of public record this Agreement or any document giving any indication of the interest of the Purchaser in any of the Purchased Loans or their Related Security nor, will the Purchaser communicate in any way or manner whatsoever to the Borrower or any relevant guarantor of any Borrower under any of the Purchased Loans or their Related Security or to any Person having any interest in the property mortgaged by any of the Mortgages or in the equity of redemption in any such property based on the fact that the Purchaser owns the Purchased Portfolio Assets.

#### **7.4 Further Assurances**

Within twenty-five Canadian Business Days following the time at which Perfection of the sale, transfer and assignments contemplated by this Agreement pursuant to this Article 7 has occurred or is required to occur each Seller will do all of the acts, matters or things (including, for the avoidance of doubt, those acts, matters and things referred to in this Article 7), as the Bond Trustee or the Purchaser requires each Seller to do.

#### **7.5 Powers of Attorney**

The Seller hereby grants to the Purchaser (and the Managing GP and the Liquidation GP, as applicable) and the Bond Trustee an irrevocable power of attorney and hereby irrevocably constitutes and appoints it as its attorney-in-fact, with full power of substitution in favour of the Purchaser (and the Managing GP and the Liquidation GP, as applicable), to take in the place and stead of and in the name of it or in the Purchaser's (and the Managing GP's and the Liquidation GP's, as applicable) own name from time to time at the Purchaser's or, if applicable, the Bond Trustee's discretion, the following:

- (a) to make all amendments, deletions, substitutions or additions to any assignment or transfer of any Purchased Loan or its Related Security sold by it to the Purchaser in the Covered Bond Portfolio executed by it in favour of the Purchaser (or as it may direct) which are necessary or desirable to register such assignment or transfer in the appropriate land registry or land titles office or other office of public record;
- (b) to prepare, execute, deliver and/or register such further assignments or transfers of any Purchased Loan or its Related Security sold by it to the Purchaser in the Covered Bond Portfolio, whether in substitution for or replacement of any existing assignment or transfer of any Purchased Loan or its Related Security sold by it to the Purchaser in the Covered Bond Portfolio, or otherwise, which may be necessary or desirable to register legal title to such Loan or its Related Security in the name of the Purchaser (or as it may direct) in the appropriate land registry or land titles office or other office of public record;

- (c) to prepare, execute, deliver and/or register such further documents or instruments which may be necessary or desirable to register legal title to any Loan or its Related Security sold by it to the Purchaser in the Covered Bond Portfolio in the name of the Purchaser (or as it may direct) or to register any other document or instrument giving rise to or evidencing the interest of the Purchaser in any such Loan or its Related Security, in the appropriate land registry or land titles office or other office of public record;
- (d) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for monies due and to become due in connection with the Purchased Assets or otherwise owed to the Purchaser;
- (e) to receive, endorse and collect any cheques, drafts or other instruments in connection with the Purchased Assets or otherwise owed to the Purchaser;
- (f) to file any claims or take any action or institute any proceedings that the Purchaser may deem to be necessary or desirable for the collection of any of the Purchased Assets; and
- (g) to execute and deliver such instruments and documents (including assignments) necessary or desirable in furtherance of the foregoing.

The power of attorney granted hereby shall be coupled with an interest. The power of attorney and other rights and privileges granted hereby shall survive any amalgamation, reorganization, dissolution, liquidation or winding-up of the Seller.

#### **7.6 Limitation on Power of Attorney**

Each of the Purchaser and the Bond Trustee may exercise its respective rights under the power of attorney provided in Section 7.5 only with respect to the Purchased Assets assigned and sold to the Purchaser pursuant to this Agreement and after the occurrence of an event described in Section 7.1(a) of this Agreement.

#### **7.7 Registrable Powers of Attorney**

On or prior to the first Transfer Date, the Seller shall provide to the Managing GP and the Liquidation GP, each in their capacities as general partners of the Purchaser, and the Bond Trustee registrable powers of attorney of the Seller as required by and in accordance with the CMHC Guide. Such grantees of the registrable powers of attorney may exercise their rights under the registrable powers of attorney only with respect to the Purchased Assets assigned and sold to the Purchaser pursuant to this Agreement and after the occurrence of an event described in Section 7.1(a) of this Agreement; provided that (i) the Managing GP shall not exercise such power if a Managing GP Default Event has occurred and is continuing, unless at such time the Managing GP is not the Seller or an Affiliate of the Seller; and (ii) the Liquidation GP shall not exercise such power unless at such time a Managing GP Default Event has occurred and is continuing.

#### **7.8 Costs**

Each Seller shall indemnify each of the Purchaser and the Bond Trustee from and against any and all costs, fees and expenses (including, without limitation, legal fees and expenses and

any applicable GST thereon) which may be properly incurred by the Purchaser and/or the Bond Trustee by reason of the doing of any act, matter or thing referred to in this Article 7.

## **ARTICLE 8 PRE-EMPTIVE RIGHT**

### **8.1 Pre-Emptive Right**

Prior to the Purchaser making any offer to sell Selected Portfolio Assets to any person other than to the Seller, the Purchaser shall first offer to sell such Selected Portfolio Assets to the Seller by serving on the Seller a notice in writing in the form set out in Schedule 8.1 (the “**Portfolio Asset Offer Notice**”), subject to and in accordance with the terms of Article 7 of the Guarantor Agreement.

### **8.2 Acceptance**

- (a) Subject to Section 8.2(b), if the Seller accepts the Purchaser’s offer to sell the relevant Selected Portfolio Assets by signing the Portfolio Asset Offer Notice in a manner indicating acceptance and delivering it to the Purchaser with a copy to the Bond Trustee within ten Canadian Business Days from and including the date of the Portfolio Asset Offer Notice, the Purchaser shall within three Canadian Business Days of receipt of such acceptance serve a notice in writing (the “**Portfolio Asset Offer Repurchase Notice**”) substantially in the form set out in Schedule 8.2 on the Seller.
  
- (b) If an Issuer Event of Default has occurred prior to receipt by the Seller of a Portfolio Asset Offer Notice, but no liquidator or administrator has been appointed to the Seller, in addition to the conditions set out in Section 8.2(a), the Seller’s acceptance shall be conditional upon the Seller delivering with its Portfolio Asset Offer Repurchase Notice, a certificate of an officer of the Seller in form acceptable to the Purchaser and the Bond Trustee, acting reasonably, certifying that, as of the date of the Portfolio Asset Offer Repurchase Notice, the Seller is and, after giving effect to such purchase of the Loans, the Seller will be able to pay its debts as they fall due.

### **8.3 Offers to Others**

Those Selected Portfolio Assets in respect of which the Seller rejects or fails within the requisite time limit to accept and pay for the Purchaser’s offer to sell shall be offered for sale by the Purchaser to third party purchasers and the Seller in the manner and on the terms set out in Section 7.1, Section 7.2 or Section 7.3 of the Guarantor Agreement, as applicable.

### **8.4 Repurchase**

- (a) Upon receipt of the Portfolio Asset Offer Repurchase Notice duly signed on behalf of the Purchaser, the Seller shall promptly sign and return a duplicate copy of the Portfolio Asset Offer Repurchase Notice and shall repurchase from the Purchaser, and the Purchaser shall subject to Section 7.1 of the Guarantor Agreement re-assign or re-transfer to the Seller free from the Security created by the Security Agreement, those Portfolio Assets and any other Loan secured or intended to be

secured by the Related Security referred to in the relevant Portfolio Asset Offer Repurchase Notice.

- (b) Completion of the purchase and sale contemplated in this Section 8.4 will take place, upon satisfaction of any applicable conditions to the purchase and sale, on such date as the Purchaser may direct in the Portfolio Asset Offer Repurchase Notice, provided such date is not later than the earlier to occur of the date which is (i) ten Canadian Business Days following receipt by the Purchaser of such Portfolio Asset Offer Repurchase Notice, and (ii) the Final Maturity Date of the Earliest Maturing Covered Bonds.
- (c) The Seller shall pay the offer price specified in the relevant Portfolio Asset Offer Repurchase Notice to the Purchaser prior to a downgrade by one or more Rating Agencies of the ratings of the Cash Manager below the Cash Management Deposit Ratings by payment in cash to the Cash Manager and following a downgrade by one or more Rating Agencies of the ratings of the Cash Manager below the Cash Management Deposit Ratings by deposit of the cash amount in the GIC Account.

## **8.5 Loans and Related Security Files**

Upon such completion of the repurchase of such Selected Portfolio Assets in accordance with Section 8.4 above or the sale of Selected Portfolio Assets to a purchaser or purchasers, or if there is a breach of the Pre-Maturity Test under the Guarantor Agreement, the Seller shall cease to be under any further obligation to hold the relevant Loan Files, where applicable, or other documents relating to such Selected Portfolio Assets to the order of the Purchaser and if the Purchaser holds such documents it will send them to the Seller. Any repurchase by the Seller of or in respect of such Selected Portfolio Assets or any sale of Selected Portfolio Assets by the Purchaser to a purchaser or purchasers pursuant to Article 7 of the Guarantor Agreement shall constitute a discharge and release of the Seller from any claims which the Purchaser or the Bond Trustee may have against the Seller arising from the relevant Representations or Warranties in relation to such Selected Portfolio Assets previously sold by that Seller to the Purchaser only but shall not affect any rights arising from a breach of any other express provision of this Agreement or any Representation or Warranty in relation to any other Portfolio Assets.

## **ARTICLE 9 MISCELLANEOUS**

### **9.1 The Bond Trustee**

If there is any change in the identity of the Bond Trustee, the parties to this Agreement shall execute such documents and take such action as the successor Bond Trustee and the outgoing Bond Trustee may reasonably require for the purpose of vesting in the successor Bond Trustee the rights and obligations of the outgoing Bond Trustee under this Agreement. The Purchaser shall indemnify the Seller for all reasonable costs incurred by the Seller in relation to such change. Any payment by the Purchaser to the Seller in connection with this indemnity shall be subordinated to payments of principal and interest to Covered Bondholders.

It is hereby acknowledged and agreed that by its execution of this Agreement the Bond Trustee shall not assume or have any of the obligations or liabilities of the Seller or the Purchaser under this Agreement and that the Bond Trustee has agreed to become a party to this Agreement for the purpose only of taking the benefit of this Agreement and agreeing to amendments to this

Agreement pursuant to Section 9.2. For the avoidance of doubt, the parties to this Agreement acknowledge that the right and obligations of the Bond Trustee are governed by the Trust Deed and the Security Agreement. Any liberty or right may be exercised or made in the Bond Trustee's absolute discretion without any obligation to give reasons therefor and the Bond Trustee shall not be responsible for any liability occasioned by so acting in accordance with the terms of the Trust Deed and the Security Agreement, but without prejudice to the obligations of the Bond Trustee to act reasonably.

## **9.2 Amendments, Etc.**

No amendment or waiver of any provision of this Agreement shall be effective unless in writing, signed by the Purchaser, the Seller and, with respect to material amendments or waivers, consented to by the Bond Trustee; provided that each proposed amendment or waiver of this Agreement that is considered by the Purchaser to be a material amendment or waiver shall be subject to satisfaction of the Rating Agency Condition and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Purchaser to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The Purchaser (or the Cash Manager on its behalf) shall deliver prompt notice to the Rating Agency or Rating Agencies, as the case may be, of any amendment or waiver which does not require satisfaction of the Rating Agency Condition provided that failure to deliver such notice shall not constitute a breach of the obligations of the Purchaser under this Agreement.

## **9.3 Non-Petition**

The Seller agrees that it shall not institute or join any other Person or entity in instituting against, or with respect to, the Purchaser, or any of the general partners of the Purchaser, any bankruptcy or insolvency proceeding or event so long as any Covered Bonds issued by the Issuer under the Programme shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such Covered Bonds shall have been outstanding. The foregoing provision shall survive the termination of this Agreement by any of the parties hereto.

## **9.4 Notices, Etc.**

Any notice, direction or other communication given under this Agreement shall be in writing and given by delivering it or sending it by prepaid first class mail to the registered office of such person set forth above unless an alternative address is provided below, in which case delivery shall be to the address provided below, or by facsimile transmission to the facsimile number set forth below, or by electronic mail to the address below, as applicable:

- (a) in the case of the Bank:

Equitable Bank  
30 St. Clair Avenue West, Suite 700  
Toronto, Ontario  
Canada M4V 3A1

Attention: Alex Prokoudine  
Vice-President, Capital Markets  
Fax: 1-416-515-7001  
Email: aprokoudine@eqbank.ca

(b) in the case of the Purchaser to:

EQB Covered Bond (Legislative) Guarantor Limited Partnership  
66 Wellington Street West, Suite 5300  
TD Bank Tower  
Toronto, Ontario  
Canada M5K 1E6

Attention: Michael Mignardi  
Fax: 1-416-515-7001  
Email: mmignardi@eqbank.ca

(c) in the case of the Bond Trustee to:

Computershare Trust Company of Canada  
100 University Avenue  
11<sup>th</sup> Floor  
Toronto, Ontario  
Canada M5J 2Y1

Attention: Manager, Corporate Trust  
Email: corporatetrust.toronto@computershare.com

Notices delivered or transmitted to a party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Canadian Business Day prior to 4:00 p.m. local time in the place of delivery or receipt. If any notice is delivered or transmitted after 4:00 p.m. local time or if the day is not a Canadian Business Day, then such notice shall be deemed to have been given and received on the next Canadian Business Day.

Any party may change its address for notice, or facsimile contact information, or electronic mail contact information for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such party at its changed address, or facsimile contact information, or electronic mail contact information, as applicable.

## **9.5 Assignability**

(a) This Agreement and the Purchaser's rights and obligations herein shall not be assignable, in whole or in part, by the Purchaser and its successors and assigns without satisfaction of the Rating Agency Condition in respect thereof and the prior written consent of the Seller, which consent shall not be unreasonably withheld; provided, however, that at any time when Equitable Bank is not the Seller, the consent of the Seller to any such assignment shall not be required.

- (b) Notwithstanding Section 9.5(a), the Purchaser may assign the Purchased Assets as security for any of its obligations to the Bond Trustee including, without limitation, its obligations under the Covered Bond Guarantee.
- (c) Without limiting Section 9.5(a), the Seller may not assign its rights hereunder or any interest herein without the prior written consent of the Purchaser and the Bond Trustee and the Rating Agency Condition having been satisfied in respect thereof.

## **9.6 Costs and Expenses**

Except as herein provided, each party shall pay its own costs and expenses in connection with the preparation, execution, delivery and administration of this Agreement and the other documents and agreements to be delivered hereunder.

## **9.7 Confidentiality**

In all cases and without limiting the foregoing, each party to this Agreement shall comply at all times with Applicable Privacy Laws in the performance of its obligations under this Agreement. For greater certainty, each of the Purchaser and the Bond Trustee hereby agrees not to collect, use or disclose any Personal Information, or to cause the collection or use of any such information, of any Borrower provided by the Seller to the Purchaser or the Bond Trustee for any purpose whatsoever other than the purchase, sale or servicing (including collection and enforcement) of the related Purchased Loan in accordance with this Agreement, the CMHC Guide and the other Purchase Documents or any other purpose permitted hereunder or thereunder unless compelled by law and to maintain privacy policies and procedures consistent with the terms of this Agreement and compliant with all Applicable Privacy Laws. For greater certainty, Personal Information may be disclosed to permitted purchasers of Purchased Loans from the Purchaser.

## **9.8 Governing Law**

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to conflict of law principles.

## **9.9 Submission to Jurisdiction**

Each of the parties hereto irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario in any action or proceeding arising out of or relating to this Agreement, and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts. Each party to this Agreement hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the courts of the Province of Ontario are an inconvenient forum for the maintenance or hearing of such action or proceeding.

## **9.10 Execution in Counterparts**

This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original and all of which taken together shall constitute one and the same Agreement. Delivery of an executed signature page to this Agreement by any party

by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

### **9.11 Entire Agreement**

This Agreement and the other Purchase Documents constitute the entire agreement and understanding between the Purchaser, the Seller and the Bond Trustee with respect to the subject matter hereof, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

### **9.12 Headings**

The captions and headings of this Agreement (including in any Schedule hereto) are for convenience of reference only and shall not affect the interpretation hereof or thereof.

### **9.13 Liability of Limited Partners**

EQB Covered Bond (Legislative) Guarantor Limited Partnership is a limited partnership formed under the *Limited Partnerships Act* (Ontario), a limited partner of which is, except as expressly required by law, only liable for any of its liabilities or any of its losses to the extent of the amount that the limited partner has contributed or agreed to contribute to its capital.

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## SCHEDULE 1 ELIGIBILITY CRITERIA

The following are the eligibility criteria applicable to each Portfolio Asset on and as of the applicable Transfer Date for such Portfolio Asset:

- (a) no Loan has the benefit of, or is secured by a Mortgage that also secures one or more other loans that has the benefit of, insurance from any Prohibited Insurer;
- (b) no Loan has a Current Balance of more than C\$3,000,000 on the Cut-Off Date;
- (c) each Loan relates to a Property which is a residential Property that is located in Canada and consists of not more than four residential units;
- (d) each Loan is payable in Canada only and is denominated in Canadian Dollars;
- (e) each Loan has been duly authorized, executed and delivered by the parties thereto, is in full force and effect, unamended, except for any amendments reflected in the relevant Loan File, and constitutes a legal, valid and binding obligation of the parties thereto enforceable in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding or at law);
- (f) each Loan permits realization by the mortgagee or hypothecary creditor against the Related Security in accordance with its terms, subject to applicable law, including, without limitation, the notice requirements and other limitations contained in the *Bankruptcy and Insolvency Act* (Canada), statutory limitations on the rights of mortgagees or hypothecary creditors to exercise their remedies and certain qualifications as set out in this Agreement; each Loan constitutes the Borrower's obligation to pay to the mortgagee or hypothecary creditor, in accordance with the scheduled payments set forth therein, the amounts owing thereunder and permits full recourse against the Borrower;
- (g) no payment of principal or interest under any Loan is in arrears;
- (h) the first payment due pursuant to the relevant Mortgage Terms for each Loan has been paid;
- (i) each Loan was originated or otherwise complies with the Seller's Underwriting Policy as in effect or otherwise applicable at the time the Loan was originated. For greater certainty, a Loan is deemed to otherwise comply with the Seller's Underwriting Policy to the extent that an independent third-party prudent lender conducting a credit assessment of the loan would be able to apply all aspects of the Seller's Underwriting Policy, based on available documentation, and arrive at the same credit decision;
- (j) each Loan and the Related Security is capable of being registered (including, where applicable, by way of caveat or other notice) or recorded and has been duly registered or recorded in the appropriate land titles office, land registry office or

similar office of public registration in which the Property subject thereto is located reflecting the Seller as the sole mortgagee or hypothecary creditor thereunder;

- (k) the Related Security for each Loan constitutes a valid and enforceable first charge, mortgage or hypothec in favour of the mortgagee or hypothecary creditor against the related Mortgaged Property, subject only to Permitted Security Interests and/or Adverse Claims which, in the aggregate do not materially impair the user value or marketability of the Property mortgaged or hypothecated thereby or the value of the Loan;
- (l) on the Transfer Date, the Purchaser will acquire each Loan and Related Security from the Seller free and clear of any Security Interests, subject only to (i) Permitted Security Interests and/or Adverse Claims which, in the aggregate do not materially impair the user value or marketability of the Property mortgaged or hypothecated thereby or the value of the Loan, and (ii) Security Interests that are reflected in the Security Sharing Agreement and the subject of a release in favour of the Purchaser, substantially in the form attached to the Security Sharing Agreement;
- (m) as at the Transfer Date, immediately prior to the transfer by the Seller to the Purchaser of any Loan and the Related Security, each such Loan and the Related Security and each other loan secured by the same Mortgage, if any, are owned by the Seller;
- (n) the Mortgage Conditions for each Loan and those of any other loan secured by the same Mortgage (each a "related loan"), including another Loan, include cross-default provisions such that a default under either the Loan or any other such related loan shall constitute a default under all such Loans and other related loans, or if no such cross-default provisions exist but the Loan or related loan is repayable on demand, the owner of such Loan or related loan has covenanted in writing to demand repayment (in a manner and in circumstances customary for Reasonable and Prudent Mortgage Lenders) of such Loan or related loan upon a default under such Loan or related loan, as the case may be;
- (o) each Loan is accompanied by (i) an opinion on title of legal counsel (or of a notary public in British Columbia or in Quebec for the initial advance of a Loan in respect of a property located in British Columbia or in Quebec, as applicable) qualified to practice law in the province or territory in which the property subject thereto is located to the effect that, at the time of origination of such Loan, the Borrower had good title to, and such Mortgage constituted a valid and enforceable first charge, mortgage or hypothec against, such property, subject only to Adverse Claims which do not in the aggregate materially impair the use, value or marketability of the property or the value of the security constituted by the Mortgage; (ii) a policy of title insurance to the same effect; or (iii) pursuant to the Seller's instructions to, and related undertaking of, legal counsel qualified to practice law in the province or territory in which the property subject thereto is located, such legal counsel agreed not to advance funds unless at the time of origination of such Loan, such legal counsel had ensured that the Borrower had good title to, and such Mortgage constituted a valid and enforceable first charge, mortgage or hypothec against, such property, subject only to adverse claims which do not in the aggregate materially impair the use, value or marketability of the property or the value of the

security constituted by the Mortgage, and a title search was completed following the funding of such Loan which confirmed that such Mortgage constituted a first charge, mortgage or hypothec against such property, all in accordance with the Seller's Policy (which procedures under the Seller's Policy were developed and approved by internal counsel to the Seller);

- (p) the Seller shall not have given any consents, approvals or waivers or have postponed any of its rights under or in respect of any such Loan except in the ordinary course of business and any such permitted extension, modification, consent, approval, waiver or postponement is reflected in the Loan and Related Security Files;
- (q) no Loan has been satisfied or rescinded, nor has the Property been discharged, reconveyed or released from the charge created by the Mortgage in whole or in part, other than the release required by the Security Sharing Agreement;
- (r) as at the Transfer Date, no Loan is subject to any dispute proceeding, set-off, compensation, counterclaim or defence;
- (s) neither the Mortgage Conditions for any Loan nor the provisions of any other documentation applicable to any such Loan and enforceable by the Borrower expressly afford the Borrower a right of set-off;
- (t) to the extent any Loan or Additional Loan Advance under a Loan is extended, advanced or renewed on or after July 1, 2014, the Mortgage Conditions for the Loan or the provisions of any other documentation applicable to the Loan and enforceable against the Borrower, together with those of any other loan secured by the same Mortgage, contain an express waiver of set-off and compensation rights on the part of the Borrower;
- (u) each Loan satisfies the requirements of Section 21.6 of the Covered Bond Legislative Framework as in effect on the related Transfer Date; and
- (v) each Loan satisfies the eligibility criteria as may be prescribed by the CMHC Guide as in effect on the related Transfer Date.

**SCHEDULE 2.2(b)**  
**FORM OF PURCHASE NOTICE**

**To: EQB COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP**

This Purchase Notice is delivered to you pursuant to Section 2.2(b) of the mortgage sale agreement, made as of the 27th day of July, 2021 (the "**Mortgage Sale Agreement**") between Equitable Bank, as seller (in such capacity, together with its successors and permitted assigns in such capacity, the "**Seller**") and as servicer, and EQB Covered Bond (Legislative) Guarantor Limited Partnership (the "**Purchaser**"), as purchaser and Computershare Trust Company of Canada, as Bond Trustee.

Capitalized terms not defined herein shall have those meanings ascribed to them in the Mortgage Sale Agreement.

The Seller hereby irrevocably offers to sell on a fully serviced basis to the Purchaser on the date indicated below the Eligible Loans particulars of which are indicated on the attached Schedule "A" (and the Related Security with respect to such Eligible Loans) attached hereto, in accordance with and subject to the terms and conditions of the Mortgage Sale Agreement:

Purchase Date:	<b>[N.B. Insert Purchase Date]</b>
Cut-Off Date:	<b>[N.B. Insert first day of month prior to Purchase Date]</b>
Eligible Loans:	See Schedule "A"
Aggregate Purchase Price:	\$●
Outstanding Balance of the Eligible Loans:	\$●

**- balance left intentionally blank -**

**EQUITABLE BANK**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

This Purchase Notice is accepted by the Purchaser this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_.

**EQB COVERED BOND (LEGISLATIVE)  
GUARANTOR LIMITED PARTNERSHIP**, acting by  
its managing general partner **EQB COVERED  
BOND (LEGISLATIVE) GP INC.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE "A"**

**SCHEDULE OF LOANS**

Name of Seller	Interest Rate of Mortgages Highest _____%    Lowest _____%	Index Rate or Prime Rate at Cut- Off Date _____% Weighted Average Interest Rate _____%	Total Number of Eligible Loans	Aggregate Current Balance as of Cut-Off Dates
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Loan Identification Number	Name of Borrower(s)	Address of Mortgage Property	Aggregate amount advanced in respect of Loan	Interest Rate	Interest Adjustment Date	Date Last Payment Due	Current Balance of Loan as of Cut-Off Date (excluding Capitalized Interest & Capitalized Arrears)	Mortgage Lender on title (if other than the Seller)

**SCHEDULE 2.2(g)(1)  
FORM OF SELLER ASSIGNMENT**

**THIS ASSIGNMENT** made this ● day of ●, 20●●.

BETWEEN:

**EQUITABLE BANK,**  
a bank under the laws of Canada (the “**Seller**”)

- and -

**EQB COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED  
PARTNERSHIP,** a limited partnership formed under the laws of  
the Province of Ontario, by its managing general partner **EQB  
COVERED BOND (LEGISLATIVE) GP INC.** (the “**Purchaser**”)

**WHEREAS** the Seller, the Purchaser and Computershare Trust Company of Canada, as Bond Trustee, have entered into a mortgage sale agreement made as of July 27, 2021 (the “**Mortgage Sale Agreement**”).

**NOW THIS AGREEMENT WITNESSES** that in consideration of the premises and for valuable consideration the parties hereto covenant and agree as follows:

**1. INTERPRETATION**

The master definitions and construction agreement made between, inter alios, the parties to this Agreement as of July 27, 2021 (as the same may be amended, varied or supplemented from time to time with the consent of the parties thereto) (the “**Master Definitions and Construction Agreement**”) is expressly and specifically incorporated into this Agreement and, accordingly, the expressions defined in the Master Definitions and Construction Agreement shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Agreement, including the recitals hereto and this Agreement shall be construed in accordance with the interpretation provisions set out in Section 2 of the Master Definitions and Construction Agreement, provided that the terms “**Covered Bond Portfolio**”, “**Loan**”, “**Portfolio Assets**”, “**Purchased Loan**”, and “**Purchased Portfolio Asset**” used by reference in any such expressions and defined terms shall, for purposes of this Seller Assignment only, be deemed to refer to the Purchased Assets (as defined herein).

**2. DEFINED TERMS**

In this Agreement, the following terms shall have the following meanings:

“**Cut-off Date**” means ●.

“**Eligibility Criteria**” means the following:

- (a) no Loan has the benefit of, or is secured by a Mortgage that also secures one or more other loans that has the benefit of, insurance from any Prohibited Insurer;
- (b) no Loan has a Current Balance of more than C\$3,000,000 on the Cut-Off Date;

*Mortgage Sale Agreement*

- (c) each Loan relates to a Property which is a residential Property that is located in Canada and consists of not more than four residential units;
- (d) each Loan is payable in Canada only and is denominated in Canadian Dollars;
- (e) each Loan has been duly authorized, executed and delivered by the parties thereto, is in full force and effect, unamended, except for any amendments reflected in the relevant Loan File, and constitutes a legal, valid and binding obligation of the parties thereto enforceable in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding or at law);
- (f) each Loan permits realization by the mortgagee or hypothecary creditor against the Related Security in accordance with its terms, subject to applicable law, including, without limitation, the notice requirements and other limitations contained in the *Bankruptcy and Insolvency Act* (Canada), statutory limitations on the rights of mortgagees or hypothecary creditors to exercise their remedies and certain qualifications as set out in the Mortgage Sale Agreement; each Loan constitutes the Borrower's obligation to pay to the mortgagee or hypothecary creditor, in accordance with the scheduled payments set forth therein, the amounts owing thereunder and permits full recourse against the Borrower;
- (g) no payment of principal or interest under any Loan is in arrears;
- (h) the first payment due pursuant to the relevant Mortgage Terms for each Loan has been paid;
- (i) each Loan and the Related Security is capable of being registered or recorded and has been duly registered or recorded in the appropriate land titles office, land registry office or similar office of public registration in which the property subject thereto is located reflecting the Seller as the sole mortgagee or hypothecary creditor thereunder;
- (j) the Related Security for each Loan constitutes a valid and enforceable first charge, mortgage, or hypothec in favour of the mortgagee or hypothecary creditor against the related Mortgaged Property, subject only to Permitted Security Interests and/or Adverse Claims which, in the aggregate, do not materially impair the user value or marketability of the Property mortgaged or hypothecated thereby or the value of the Loan;
- (k) on the Transfer Date, the Purchaser will acquire each Loan and Related Security from the Seller free and clear of any hypothecs or security interests, subject only to (i) Permitted Security Interests and/or Adverse Claims which, in the aggregate, do not materially impair the user value or marketability of the property mortgaged or hypothecated thereby or the value of the Loan, and (ii) Security Interests that are reflected in the Security Sharing Agreement and the subject of a release in favour of the Purchaser, substantially in the form attached to the Security Sharing Agreement;

- (l) as at the Transfer Date, immediately prior to the transfer by the Seller to the Purchaser of any Loan and Related Security, each such Loan and the Related Security and each other loan secured by the same Mortgage, if any, are owned by the Seller;
- (m) the Mortgage Conditions for each Loan and those of any other loan secured by the same Mortgage (each a “related loan”), including another Loan, include cross-default provisions such that a default under either the Loan or any other such related loan shall constitute a default under all such Loans and other related loans, or if no such cross-default provisions exist but the Loan or a related loan is repayable on demand, the owner of such Loan or related loan has covenanted in writing to demand repayment (in a manner and in circumstances customary for a prudent lender) of such Loan or related loan upon a default under such Loan or related loan, as the case may be;
- (n) each Loan is accompanied by (i) an opinion on title of legal counsel (or of a notary public in British Columbia or in Quebec for the initial advance of a Loan in respect of a property located in British Columbia or in Quebec, as applicable) qualified to practice law in the province or territory in which the property subject thereto is located to the effect that, at the time of origination of such Loan, the Borrower had good title to, and such Mortgage constituted a valid and enforceable first charge, mortgage or hypothec against, such property, subject only to Adverse Claims which do not in the aggregate materially impair the use, value or marketability of the property or the value of the security constituted by the Mortgage; (ii) a policy of title insurance to the same effect; or (iii) pursuant to the Seller’s instructions to, and related undertaking of, legal counsel qualified to practice law in the province or territory in which the property subject thereto is located, such legal counsel agreed not to advance funds unless at the time of origination of such Loan, such legal counsel had ensured that the Borrower had good title to, and such Mortgage constituted a valid and enforceable first charge, mortgage or hypothec against, such property, subject only to adverse claims which do not in the aggregate materially impair the use, value or marketability of the property or the value of the security constituted by the Mortgage, and a title search was completed following the funding of such Loan which confirmed that such Mortgage constituted a first charge, mortgage or hypothec against such property;
- (o) the Seller shall not have given any consents, approvals or waivers or have postponed any of its rights under or in respect of any such Loan except in the ordinary course of business and any such permitted extension, modification, consent, approval, waiver or postponement is reflected in the Loan and Related Security Files;
- (p) no Loan has been satisfied or rescinded, nor has any property been discharged, reconveyed or released from the charge created by the Mortgage in whole or in part, other than the release required by the Security Sharing Agreement;
- (q) as at the date hereof, no Loan is subject to any dispute proceeding, set-off, compensation, counterclaim or defence;

- (r) neither the Mortgage Conditions for any Loan nor the provisions of any other documentation applicable to any such Loan and enforceable by the Borrower expressly afford the Borrower a right of set-off; and
- (s) to the extent the Loan or Additional Loan Advance under the Loan is extended, advanced or renewed on or after July 1, 2014, the Mortgage Conditions for the Loan or the provisions of any other documentation applicable to the Loan and enforceable against the Borrower, together with those of any other loan secured by the same Mortgage, contain an express waiver of set-off and compensation rights on the part of the Borrower.

“**Eligible Loan**” means a Loan which satisfies each of the Eligibility Criteria as at the Cut-Off Date;

“**Purchased Assets**” has the meaning ascribed thereto in Section 3; and

“**Purchased Loans**” has the meaning ascribed thereto in Section 3.

### **3. SALE AND PURCHASE OF ELIGIBLE LOANS**

The Seller hereby sells, transfers and assigns unto the Purchaser and the Purchaser hereby purchases from the Seller, all of the Seller’s beneficial ownership of and right, title and interest to the Loans described in Annex A hereto (the “**Purchased Loans**”), together with all Collections thereon on and after the Cut-Off Date, and their Related Security (excluding registered title or recorded title) (collectively the “**Purchased Assets**”), on a fully serviced basis, on the terms and subject to the conditions set out in the Mortgage Sale Agreement.

Without limiting the foregoing, the Seller hereby sells, transfers and assigns unto the Purchaser and the Purchaser hereby purchases from the Seller, the universality of all present and future claims and rights of action arising from and consisting of all of the Seller’s ownership of and right, title and interest to all Eligible Loans of the Seller described in Annex B hereto and which (i) are repayable by a Borrower resident in the Province of Québec, (ii) are subject to loan documentation which requires that payments of interest or principal in respect thereof be made at a location or an account situated or maintained in the Province of Québec, or (iii) are secured by a Mortgage against immovable property situated in the Province of Québec, (collectively, the “**Québec Purchased Claims**”) together with all Collections thereon on and after the Cut-Off Date, and all Related Security (collectively, the “**Québec Purchased Assets**”).

For greater certainty, all references herein to the Purchased Loans shall be deemed to include the Québec Purchased Claims and all references to the Purchased Assets shall be deemed to include the Québec Purchased Assets.

### **4. REPRESENTATIONS AND WARRANTIES**

The Seller hereby represents and warrants to the Purchaser that:

- (a) the representations and warranties of the Seller contained in the Mortgage Sale Agreement are true and correct as of the date hereof;
- (b) it has made a notation in its records that beneficial ownership of the Purchased Loans has been assigned to the Purchaser;

- (c) until the happening of an event described in Section 7.1(a) of the Mortgage Sale Agreement, the Seller directly holds the registered title to the Mortgages and any Related Security for the Purchased Loans and the related Mortgage Deed and other documents evidencing and securing the Purchased Loans as agent, nominee and bailee for and on behalf of the Purchaser (and also, in the case of any Multiproduct Loan owned by the Purchaser, for and on the Purchaser's behalf and for and on behalf of the Seller and/or any Multiproduct Purchaser having an interest in any related Multiproduct Loan, as applicable, in accordance with the Security Sharing Agreement);
- (d) no Issuer Event of Default under the Transaction Documents has occurred which is continuing as at the date hereof; and
- (e) the Loan was originated or otherwise complies with the Seller's underwriting policy, as in effect or otherwise applicable at the time the Loan was originated. For greater certainty, a Loan is deemed to otherwise comply with an underwriting policy to the extent that an independent third-party prudent lender conducting a credit assessment of the loan would be able to apply all aspects of the applicable underwriting policy, based on available documentation, and arrive at the same credit decision.

The Purchaser hereby represents and warrants to the Seller that:

- (a) the Purchaser, acting on the advice of the Cash Manager, is not aware, and could not reasonably be expected to be aware, that the purchase of the relevant Portfolio Assets, would adversely affect the then current ratings of the Covered Bonds by the Rating Agencies; and
- (b) no Guarantor Event of Default under the Transaction Documents has occurred which is continuing as at the date hereof.

## **5. ADDITIONAL ACTIONS UPON A TITLE TRIGGER EVENT.**

Without limiting the provisions of the Mortgage Sale Agreement or Section 4(c) of this Agreement, in connection with the Perfection of the sale, transfer and assignment of the Purchased Assets pursuant to Article 7 of the Mortgage Sale Agreement, the Guarantor will (or will instruct the Seller to) give all notices, make all registrations and generally complete all formalities required under the laws of the applicable jurisdictions, including, without limitation all formalities required under the laws of the Province of Québec to comply with Articles 1641, 1645 and 3003 of the *Civil Code of Québec* and any additional formalities which may then be required under applicable law to render the sale, transfer and assignment of the Québec Purchased Assets opposable against the Borrowers or other obligors and all third parties. The Seller will act upon the Guarantor's (or Bond Trustee's) instructions under this Article 5, if any.

Without limiting any of the powers of the Guarantor hereunder or under the Mortgage Sale Agreement, the Guarantor will be entitled to discharge the Mortgages and give acquittance and receipts for amounts due in respect of the Purchased Loans, including with respect to amounts due to the Seller before the date of this Agreement.

## **6. GOVERNING LAW**

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario (without giving effect to the conflict of laws principles thereof).

**7. NUMBER AND GENDER**

Words importing the singular include the plural and vice versa, and words importing gender include all genders.

**8. COUNTERPARTS AND ELECTRONIC EXECUTION**

This Agreement may be executed in any number of counterparts and all such counterparts taken together will be deemed to constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

***[The rest of this page is intentionally left blank]***

**IN WITNESS WHEREOF** the Seller has executed this Assignment.

**EQUITABLE BANK**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

This Assignment is accepted by the Purchaser this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_.

**EQB COVERED BOND (LEGISLATIVE)  
GUARANTOR LIMITED PARTNERSHIP**, acting by  
its managing general partner **EQB COVERED  
BOND (LEGISLATIVE) GP INC.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**ANNEX A  
PURCHASED LOANS**

**ANNEX B**  
**QUÉBEC PURCHASED CLAIMS**

## CERTIFICATION

I, \_\_\_\_\_, [advocate][notary public] in and for the Province of ●, certify that:

1. This certificate concerns an application for the Seller Assignment and the Annex A thereto (the “**Assignment**”) entered into between Equitable Bank, as Seller, EQB Covered Bond (Legislative) Guarantor Limited Partnership, by its managing general partner EQB Covered Bond (Legislative) GP Inc. (the “**Guarantor**”), executed under private signature at ●, Province of ●, on ●, 20●●;
2. I have verified the identity, quality and capacity of Equitable Bank and the Guarantor to the said Assignment;
3. Such Assignment represents the will expressed by Equitable Bank and the Guarantor;  
and
4. Such Assignment is valid as to form.

CERTIFIED at ●, Province ● on the \_\_\_\_\_ day of the month of ●, 20\_\_.

Name: ●  
Quality: [Advocate][Notary Public]  
Address: ●

\_\_\_\_\_  
●, [advocate][notary public] in and for the  
Province of ●

**SCHEDULE 2.4  
FORM OF OPTIONAL REPURCHASE NOTICE**

To: Equitable Bank (the “**Seller**”)

From: **EQB Covered Bond (Legislative) Guarantor Limited Partnership** (the “**Guarantor**”)

It is hereby agreed for the purpose of this Optional Repurchase Notice that the “**Principal Agreement**” shall mean the mortgage sale agreement dated July 27, 2021 made by and among the Seller, as seller, the Guarantor, as purchaser, and Computershare Trust Company of Canada, as bond trustee (the “**Bond Trustee**”), as the same may be or have been amended, varied or supplemented from time to time pursuant to the terms of that agreement.

Unless otherwise defined herein, capitalized words and expressions in this Optional Repurchase Notice shall have the same meanings given thereto in the Principal Agreement.

In accordance with Section 2.4 of the Principal Agreement, upon receipt of this Optional Repurchase Notice by the Seller there shall exist between the Seller and the Guarantor an agreement (the “**Agreement for Sale**”) for the sale by the Guarantor to the Seller of the Portfolio Assets more particularly described in Schedule “A” hereto. Completion of such sale shall take place on **[INSERT DATE]** (the “**Closing Date**”) and the price payable by the Seller for the Portfolio Assets more particularly described in Schedule “A” hereto shall be the Optional Repurchase Price.

The Agreement for Sale shall incorporate, mutatis mutandis, the relevant provisions of the Principal Agreement.

Dated as of the [•]

**EQB COVERED BOND (LEGISLATIVE)  
GUARANTOR LIMITED PARTNERSHIP**, acting by  
its managing general partner **EQB COVERED  
BOND (LEGISLATIVE) GP INC.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

We hereby acknowledge receipt of and confirm the contents of the Optional Repurchase Notice dated [•].

**EQUITABLE BANK**

Per: \_\_\_\_\_  
Name:  
Title

Per: \_\_\_\_\_  
Name:  
Title:  
:

**Schedule "A"**

**SCHEDULE OF PORTFOLIO ASSETS**

See Attached.

**SCHEDULE 4.1(I)**  
**LOCATION OF SELLER**

30 St. Clair Avenue West, Suite 700  
Toronto, Ontario  
Canada M4V 3A1

**SCHEDULE 8.1**  
**FORM OF PORTFOLIO ASSET OFFER NOTICE**

To: Equitable Bank (the “**Seller**”)

From: **EQB Covered Bond (Legislative) Guarantor Limited Partnership** (the “**Guarantor**”)

It is hereby agreed for the purpose of this Portfolio Asset Offer Notice that the “**Principal Agreement**” shall mean the mortgage sale agreement dated July 27, 2021 made by and among the Seller, as seller, the Guarantor, as purchaser, and Computershare Trust Company of Canada, as bond trustee (the “**Bond Trustee**”), as the same may be or have been amended, varied or supplemented from time to time pursuant to the terms of that agreement.

Unless otherwise defined herein, capitalized words and expressions in this Portfolio Asset Offer Notice shall have the same meanings given thereto in the Principal Agreement.

In accordance with and subject to Article 8 of the Principal Agreement we make an offer to you on the following terms:

1. This Portfolio Asset Offer Notice constitutes an offer to sell certain Portfolio Assets and their Related Security more particularly described in Schedule “A” hereto to you at the offer price in aggregate equal to the greater of the Fair Market Value of such Portfolio Assets and the amount required as determined in accordance with Schedule 9 of the Guarantor Agreement.
2. This offer is capable of acceptance by you within ten (10) Canadian Business Days from and including the date of this Portfolio Asset Offer Notice. If you do not accept this offer, we intend to sell the Portfolio Assets described in Schedule “A” hereto to a third party or third parties.
3. This Portfolio Asset Offer Notice shall incorporate, mutatis mutandis, the relevant provisions of the Principal Agreement.

You may accept this offer to you by signing the duplicate of this Portfolio Asset Offer Notice in a manner indicating acceptance and delivering it to the Guarantor with a copy to the Bond Trustee.

We refer you to the Principal Agreement as to your rights, and the consequences of failure to accept this offer in time or at all or of doing so in a manner other than that specified in the Principal Agreement.

*[Remainder of this page is intentionally left blank]*

Dated as of the [●]

**EQB COVERED BOND (LEGISLATIVE)  
GUARANTOR LIMITED PARTNERSHIP**, acting by  
its managing general partner **EQB COVERED  
BOND (LEGISLATIVE) GP INC.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

We accept the offer contained in this Portfolio Asset Offer Notice.

Dated as of the [●]

**EQUITABLE BANK**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**Schedule "A"**

**LOANS**

1. Title No. (if registered)	2. Borrower	3. Account No.	4. Property Postal Code	5. Date of Mortgage
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Aggregate Fair Market Value of Loans: \$●

**SCHEDULE 8.2  
FORM OF PORTFOLIO ASSET OFFER REPURCHASE NOTICE**

To: Equitable Bank (the “**Seller**”)

From: EQB Covered Bond (Legislative) Guarantor Limited Partnership (the “**Guarantor**”)

It is hereby agreed for the purpose of this Portfolio Asset Offer Repurchase Notice that the “**Principal Agreement**” shall mean the mortgage sale agreement dated July 27, 2021 made by and among the Seller, as seller, the Guarantor, as purchaser, and Computershare Trust Company of Canada, as bond trustee (the “**Bond Trustee**”), as the same may be or have been amended, varied or supplemented from time to time pursuant to the terms of that agreement.

Unless otherwise defined herein, capitalized words and expressions in this Portfolio Asset Offer Repurchase Notice shall have the same meanings given thereto in the Principal Agreement.

In accordance with Article 8 of the Principal Agreement, upon receipt of this Portfolio Asset Offer Repurchase Notice by the Seller there shall exist between the Seller and the Guarantor an agreement (the “**Agreement for Sale**”) for the sale by the Guarantor to the Seller of the Portfolio Assets more particularly described in Schedule “A” hereto. Completion of such sale shall take place on **[INSERT DATE]** and the price payable by the Seller for the Portfolio Assets more particularly described in Schedule “A” hereto shall be in aggregate equal to the greater of the Fair Market Value of such Portfolio Assets and the amount required as determined in accordance with Schedule 9 of the Guarantor Agreement.

The Agreement for Sale shall incorporate, mutatis mutandis, the relevant provisions of the Principal Agreement.

Dated as of the [•]

**EQB COVERED BOND (LEGISLATIVE)  
GUARANTOR LIMITED PARTNERSHIP**, acting by  
its managing general partner **EQB COVERED  
BOND (LEGISLATIVE) GP INC.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

We hereby acknowledge receipt of and confirm the contents of the Portfolio Asset Offer Repurchase Notice dated [•].

**EQUITABLE BANK**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**Schedule "A"**

**LOANS**

1. Title No. (if registered)	2. Borrower	3. Account No.	4. Property Postal Code	5. Date of Mortgage
------------------------------------	----------------	-------------------	-------------------------------	---------------------------

Aggregate Fair Market Value of Loans: \$●

**EXHIBIT 1  
SERVICING AGREEMENT**

by and among

**EQUITABLE BANK**

as Seller, Servicer and Cash Manager

and

**EQB COVERED BOND (LEGISLATIVE) GUARANTOR  
LIMITED PARTNERSHIP**

as Guarantor

and

**COMPUTERSHARE TRUST COMPANY OF CANADA**

as Bond Trustee

July 27, 2021

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## SERVICING AGREEMENT

**THIS SERVICING AGREEMENT** (this “**Agreement**”) is made as of the 27th day of July, 2021.

### BY AND AMONG:

**EQUITABLE BANK** (hereinafter referred to as the “**Bank**”), a bank named in Schedule I to the *Bank Act* (Canada), whose head office is at 30 St. Clair Avenue West, Suite 700, Toronto, Ontario M4V 3A1, as seller (the “**Seller**”), as servicer (the “**Servicer**”) and as cash manager (the “**Cash Manager**”)

- and -

**EQB COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP**, a limited partnership formed under the laws of the Province of Ontario, whose registered office is at 30 St. Clair Avenue West, Suite 700, Toronto, Ontario M4V 3A1, by its managing general partner **EQB COVERED BOND (LEGISLATIVE) GP INC.** (hereinafter referred to as the “**Guarantor**”)

- and -

**COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company formed under the laws of Canada whose registered office is at 100 University Avenue, 11<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 2Y1 in its capacity as the Bond Trustee (hereinafter the “**Bond Trustee**”).

### WHEREAS:

- (A) The Servicer carries on the business of, *inter alia*, servicing and administering mortgage loans secured on residential properties within Canada.
- (B) By the Mortgage Sale Agreement, the Seller has agreed to sell the Initial Covered Bond Portfolio of Portfolio Assets to the Guarantor on a fully-serviced basis and has agreed to from time to time sell additional Portfolio Assets to the Guarantor.
- (C) In connection with the sale of the Portfolio Assets on a fully-serviced basis, the Servicer will service the Portfolio Assets in the Covered Bond Portfolio for the Guarantor on the terms and subject to the conditions contained in this Agreement (as the same may be amended and/or restated from time to time).

**THEREFORE THIS AGREEMENT WITNESSES THAT**, in consideration of the respective covenants, representations, agreements and warranties of the parties contained herein and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto covenant and agree as follows:

**ARTICLE 1**  
**DEFINITIONS AND INTERPRETATION**

- 1.1 The master definitions and construction agreement made between, *inter alios*, the parties to this Agreement on July 27, 2021 (as the same may be amended, restated, varied or supplemented from time to time with the consent of the parties thereto) (the “**Master Definitions and Construction Agreement**”) is expressly and specifically incorporated into this Agreement and, accordingly, the expressions defined in the Master Definitions and Construction Agreement (as so amended, restated, varied or supplemented) shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Agreement, including the recitals hereto and this Agreement shall be construed in accordance with the interpretation provisions set out in Section 2 of the Master Definitions and Construction Agreement.
- 1.2 For the purposes hereof, “this Agreement” has the same meaning as Servicing Agreement in the Master Definitions and Construction Agreement.
- 1.3 Save as expressly provided herein, any warranties or undertakings provided under this Agreement are made to each other party to this Agreement.
- 1.4 In the event that an additional or substitute servicer or a New Seller become(s) party to this Agreement references herein to Servicer and Seller, as applicable, shall include such additional or substitute servicer or New Seller, as applicable, unless otherwise specified or required by the context in which such terms are used in this Agreement and references to Portfolio Assets herein shall be deemed to refer in respect of each Servicer or Seller party hereto, to those Portfolio Assets sold by such Seller or Servicer to the Guarantor and not to the Portfolio Assets sold by any other Seller or Servicer to the Guarantor.

**ARTICLE 2**  
**APPOINTMENT OF SERVICER**

- 2.1 Subject to Sections 2.3 and 4.5, and until terminated pursuant to Article 17, the Guarantor hereby confirms the appointment of the Servicer as its lawful agent on its behalf to service the Portfolio Assets in the Covered Bond Portfolio, to exercise the rights, powers and discretions of the Guarantor, and to perform the duties of the Guarantor, under and in relation to those Portfolio Assets. The Servicer hereby accepts such appointment on the terms and subject to the conditions of this Agreement. The Bond Trustee consents to the appointment of the Servicer on the terms of and subject to the conditions of this Agreement.
- 2.2 For the avoidance of doubt and in connection with the rights, powers and discretions conferred under Section 2.1, during the continuance of its appointment hereunder, the Servicer shall, subject to the terms and conditions of this Agreement, the Mortgage Terms, the Mortgage Sale Agreement, the Security Agreement and the Guarantor Agreement, have the full power, authority and right to do or cause to be done any and all things, not inconsistent with the sale, transfer and assignment of the Portfolio Assets to the Guarantor, which it reasonably considers necessary, convenient or incidental to the servicing of the Portfolio Assets or the exercise of such rights, powers and discretions, provided however that neither the Guarantor nor its Partners shall be required or obliged at any time to enter into any transaction or to comply with any directions which the Servicer may give with

respect to the operating and financial policies of the Guarantor and the Servicer hereby acknowledges that all powers to determine such policies (including the determination of whether or not any particular policy is for the benefit of the Guarantor) are, and shall at all times remain, vested in the Guarantor (and its Partners) and none of the provisions of this Agreement shall be construed in a manner inconsistent with this proviso.

- 2.3 The confirmation of appointment pursuant to Section 2.1 is conditional upon an initial purchase of Portfolio Assets by the Guarantor from the Seller having taken place under the Mortgage Sale Agreement and shall take effect upon and from the first Purchase Date under the Mortgage Sale Agreement automatically without any further action on the part of any person.

### **ARTICLE 3 THE SERVICES**

#### **3.1 General**

- (a) The duty of the Servicer shall be to administer and service the Portfolio Assets comprised in the Covered Bond Portfolio in accordance with applicable law, this Agreement (including the provision of services set out in Schedule 1 hereto, the “**Services**”), and the other Transaction Documents and with reasonable care and diligence, using that degree of skill and attention that it exercises in managing, servicing, administering, collecting on and performing similar functions relating to comparable loans that it services for itself.
- (b) If and when the Servicer is requested to confirm or state the capacity in which it is servicing the Portfolio Assets sold by the Seller to the Guarantor and related matters pursuant to this Agreement by any Borrower or any third party not being a party to this Agreement and to whom the Servicer is obliged by law to disclose such information, the Servicer shall confirm or state that it is acting in its capacity as servicer of the Portfolio Assets sold by the Seller to the Guarantor and related matters as agent for and on behalf of the Guarantor (and, with respect to Seller Retained Loans, for and on behalf of the Seller or other beneficial owner (or owner)) and not on its own behalf.

#### **3.2 Sub-contracts**

- (a) The Servicer may sub-contract or delegate the performance of all or any of its powers and obligations under this Agreement, provided that (but subject to Section 3.2(b)):
- (i) the prior written consent of the Guarantor and the Bond Trustee to the proposed arrangement (including, if the Guarantor and the Bond Trustee consider it necessary, approving any contract which sets out the terms on which such arrangements are to be made) has been obtained, which consent shall not be unreasonably withheld, and written notification of such sub-contracting or delegation has been given to each of the Rating Agencies;

- (ii) where the arrangements involve the custody or control of any Loan and Related Security Files relating to the Covered Bond Portfolio for the purpose of performing any delegated Services the sub-contractor or delegate has executed an acknowledgement in form and substance acceptable to the Guarantor and the Bond Trustee, acting reasonably, to the effect that any such Loan Files (other than with respect to Seller Retained Loans) are and will be held to the order of the Guarantor and the Bond Trustee or as the Guarantor and the Bond Trustee shall otherwise direct;
  - (iii) where the arrangements involve or may involve the receipt by the sub-contractor or delegate of monies belonging to the Guarantor, in accordance with this Agreement the sub-contractor or delegate has executed a declaration in form and substance acceptable to the Guarantor (or the Cash Manager on its behalf) that any such monies held by it or to its order are held in trust for the Guarantor (and, with respect to Seller Retained Loans, for the Seller or other beneficial owner (or owner)) and will be paid forthwith and in any event within five Canadian Business Days (inclusive of any cure periods that may otherwise be applicable) to (A) the Cash Manager prior to a downgrade in the ratings of the Cash Manager by one or more Rating Agencies below the Cash Management Deposit Ratings, (B) the Servicer, prior to a downgrade in the ratings of the Servicer by one or more Rating Agencies below the Servicer Deposit Threshold Ratings, and following any such downgrade, into the GIC Account, or (C) following any such downgrade referred to in (A) or (B) above, or the occurrence of a Covered Bond Guarantee Activation Event, as applicable, into the GIC Account (or, as applicable, the Standby GIC Account) or the Transaction Account (or, as applicable, the Standby Transaction Account) as applicable, in accordance with the provisions of this Agreement, the Cash Management Agreement, the Guarantor Agreement, the Bank Account Agreement (or, as applicable, the Standby Bank Account Agreement) and/or the Security Agreement;
  - (iv) any such sub-contractor or delegate has executed a written waiver of any Security Interest arising in connection with such delegated Services (to the extent that such Security Interest relates to the Covered Bond Portfolio or any amount referred to in (iii) above); and
  - (v) neither the Bond Trustee nor the Guarantor shall have any liability for any costs, charges or expenses payable to or incurred by such sub-contractor or delegate or arising from the entering into, the continuance or the termination of any such arrangement.
- (b) Section 3.2(a)(i), (ii) and (iii) shall not apply:
- (i) to the engagement by the Servicer of:
    - (A) any receiver, solicitor, insurance broker, valuer, surveyor, accountant, estate agent, insolvency practitioner, auctioneer, bailiff, sheriff officer, debt counsellor, tracing agent, property management

agent, licensed conveyancer, qualified conveyancer or other professional adviser acting as such; or

(B) any locksmith, builder or other contractor acting as such in relation to a Property,

in any such case being a person or persons whom the Servicer would be willing to appoint in respect of its own mortgages in connection with the performance by the Servicer of any of its obligations or functions or in connection with the exercise of its powers under this Agreement; or

(ii) to any delegation to any other subsidiary of the Servicer from time to time.

(c) The Guarantor and the Bond Trustee may, by giving notice in writing, require the Servicer to assign to the Guarantor any rights which the Servicer may have against any sub-contractor or delegate arising from the performance of services by such person relating to any matter contemplated by this Agreement and the Servicer acknowledges that such rights assigned to the Guarantor will be exercised by the Guarantor subject to the terms of the Guarantor Agreement, the Security Agreement and the Security Sharing Agreement.

(d) Notwithstanding any sub-contracting or delegation of the performance of its obligations under this Agreement, the Servicer shall not thereby be released or discharged from any liability hereunder and shall remain responsible for the performance of all of the obligations of the Servicer under this Agreement, and the performance or non-performance or the manner of performance of any sub-contractor or delegate of any of the Services shall not affect the Servicer's obligations under this Agreement.

### 3.3 Liability of Servicer

The Servicer, solely in its capacity as servicer, shall indemnify the Guarantor on demand for any loss, liability, claim, expense or damage suffered or incurred by the Guarantor in respect of the negligence or wilful default of the Servicer in carrying out its functions, as servicer, under this Agreement or the other Transaction Documents to which it is a party as servicer to the extent such negligence or wilful default results in a breach by the Servicer of the terms and provisions of this Agreement or the other Transaction Documents in relation to such functions as servicer. For the avoidance of doubt, the Servicer shall not be liable in respect of any loss, liability, claim, expense or damage suffered or incurred by the Guarantor and/or any other Person as a result of the performance by the Servicer of the Services in accordance with the standards of a Reasonable and Prudent Mortgage Lender.

### 3.4 Perfection of the Sale of Loans to the Guarantor

(a) Subject to Section 7.1(b) of the Mortgage Sale Agreement, the Servicer shall, as soon as practicable and within 60 days of the happening of any of the events referred to in Section 7.1(a) of the Mortgage Sale Agreement, take such steps and procure the doing of all or any acts, matters or things as may be necessary, based on the advice of counsel, to Perfect on behalf of the Seller (pursuant to and in reliance in

the Seller Assignment(s) and Seller Power(s) of Attorney) the sales, transfers and assignments of the Purchased Portfolio Assets then in the Covered Bond Portfolio in accordance with Section 7.1(a) of the Mortgage Sale Agreement or shall provide sufficient information to the Guarantor and the Bond Trustee to enable the Guarantor or the Bond Trustee to Perfect or cause to be Perfected on behalf of the Seller (pursuant to and in reliance on the Seller Assignment(s) and Seller Power(s) of Attorney) such sales, transfers and assignments.

- (b) Subject to Section 3.4(a) of this Agreement, Section 7.1 of the Mortgage Sale Agreement and the Security Sharing Agreement, prior to the happening of any of the events referred to in Section 7.1(a) of the Mortgage Sale Agreement, the Servicer shall not be required to notify any person of the Guarantor's interest in any Loans or their Related Security in the Covered Bond Portfolio.

#### **ARTICLE 4 GUARANTOR VARIABLE RATE**

- 4.1 Subject to Section 4.5, the Guarantor hereby grants the Servicer full right, liberty and authority from time to time, subject to and in accordance with the relevant Mortgage Terms, to determine and set the Guarantor Variable Rate chargeable to Borrowers in relation to those Variable Rate Loans sold by the Seller to the Guarantor in the Covered Bond Portfolio for which the reference rate of interest or margins may from time to time be set by the Guarantor at a rate or margin other than the Seller's Variable Rate. In exercising such right, liberty and authority to set the Guarantor Variable Rate the Servicer undertakes to each of the other parties to this Agreement that it shall set the Guarantor Variable Rate in accordance with the Seller's Policy, which is the Guarantor's policy to which the Servicer will adhere, and shall not at any time set or maintain the Guarantor Variable Rate at a rate which is higher than (although such rate may be lower than or equal to) the then prevailing Seller's Variable Rate (in respect of the same type of Loans, if applicable), except as described in this Article 4. Prior to the occurrence of (i) a Covered Bond Guarantee Activation Event, or (ii) a Servicer Event of Default, the Servicer will not at any time without the prior written consent of the Guarantor, set or maintain the Guarantor Variable Rate at a rate which is higher than (although it may be lower than or equal to) the then prevailing Seller's Variable Rate which applies to the similar type of loans owned by the Seller.
- 4.2 The Servicer shall (i) take the steps rendered necessary by the relevant Mortgage Terms and applicable law to bring each change in such rate or rates of interest to the attention of the relevant Borrowers, whether due to a change in the Guarantor Variable Rate or as a consequence of any provisions of the Mortgage Terms; and (ii) notify the Guarantor and the Bond Trustee in writing as soon as reasonably practicable of any change in the Guarantor Variable Rate, provided that posting of any change in the Seller's Variable Rate on the website of the Seller shall be deemed to constitute notice to the Guarantor and the Bond Trustee of a change in the Guarantor Variable Rate (except to the extent that the Guarantor Variable Rate has been set at a rate other than the Seller Variable Rate in accordance with the terms of this Article 4). All costs arising in relation to such a notification of a change in such rate or rates of interest shall be borne by the Servicer.
- 4.3 (a) Prior to the occurrence of an Issuer Event of Default, the Servicer shall determine on each Calculation Date, having regard to:

- (i) the aggregate income which the Guarantor would expect to receive during the next succeeding Guarantor Payment Period (the “**Relevant Interest Period**”);
- (ii) the Guarantor Variable Rate and the Seller’s Variable Rate applicable to the Relevant Interest Period in respect of the Loans; and
- (iii) the other resources available to the Guarantor including the relevant Interest Rate Swap Agreements, the relevant Covered Bond Swap Agreements and the Reserve Fund,

whether the Guarantor would receive an amount of income during the Relevant Interest Period which when aggregated with the funds otherwise available to the Guarantor is less than the amount which is the aggregate of (1) the amount of interest which would be payable (or provided to be paid) under the Covered Bond Guarantee on each Guarantor Payment Date falling at the end of the Relevant Interest Period and any relevant amounts which would be payable (or provided to be paid) to the Covered Bond Swap Providers under the Covered Bond Swap Agreements in respect of all Covered Bonds on each Guarantor Payment Date of each Series of Covered Bonds falling at the end of each Relevant Interest Period and (2) the other senior expenses payable by the Guarantor ranking in priority thereto in accordance with the relevant Priorities of Payments applicable prior to a Guarantor Event of Default (the “**Guarantor Obligation Shortfall Test**”).

- (b) If the Servicer determines that the Guarantor Obligation Shortfall Test will not be met, it will within one Canadian Business Day of such determination give written notice to the Guarantor and the Bond Trustee of the amount by which the Guarantor Obligation Shortfall Test will not be met. If the Guarantor or the Bond Trustee notifies the Servicer and the Bank that, having regard to the obligations of the Guarantor and the amount of the shortfall, further Portfolio Assets should be sold to the Guarantor, the Bank will use all reasonable efforts to ensure that the Guarantor Obligation Shortfall Test for such period will be met. This may include making Advances under the Intercompany Loan, selling New Loans and their Related Security to the Guarantor, or making a Capital Contribution on or before the next Calculation Date in such amounts and with such rates or margins, as applicable, sufficient to avoid such shortfall on future Calculation Dates. For greater certainty, there shall be no obligation on the Servicer to adjust the Guarantor Variable Rate to ensure the Guarantor Obligation Shortfall Test will be met for the Relevant Interest Period.

- 4.4 (a) Following an Issuer Event of Default, the Servicer shall determine on each Calculation Date, having regard to the aggregate of:
- (i) the Guarantor Variable Rate and the Seller’s Variable Rates applicable to the Relevant Interest Period in respect of the Loans; and
  - (ii) the other resources available to the Guarantor under the Interest Rate Swap Agreement,

whether the Guarantor would receive an aggregate amount of interest on the Loans sufficient to pay the full amounts payable under the Interest Rate Swap Agreement during the Relevant Interest Period (the “**Post Issuer Event of Default Yield Shortfall Test**”).

- (b) If the Servicer determines that the Post Issuer Event of Default Yield Shortfall Test will not be met, it will give written notice to the Guarantor and the Bond Trustee, within three Canadian Business Days, of the amount of the shortfall and the Guarantor Variable Rate which would (taking into account the applicable Mortgage Terms), in its reasonable opinion need to be set in order for no shortfall to arise and the Post Issuer Event of Default Yield Shortfall Test to be met, having regard to the date(s) (which shall be specified in the notice) on which such change to the Guarantor Variable Rate would take effect and at all times acting in accordance with the standards of Reasonable and Prudent Mortgage Lenders.
  - (c) If the Guarantor or the Bond Trustee notifies the Servicer that, having regard to the obligations of the Guarantor, the Guarantor Variable Rate should be changed as set out in the notice referred to in Section 4.4(b), the Servicer shall take all steps which are necessary, including publishing any notice which is required in accordance with the Mortgage Terms, to effect such change in the Guarantor Variable Rate on the date(s) specified in the notice referred to in Section 4.4(b).
- 4.5 The Guarantor and the Bond Trustee may terminate the authority of the Servicer to determine the Guarantor Variable Rate pursuant to the terms of this Article 4 on or after the occurrence of a Servicer Event of Default, in which case the Guarantor and the Bond Trustee will agree to appoint the replacement Servicer to set the Guarantor’s Variable Rate in accordance with this Article 4.

## **ARTICLE 5 ADMINISTRATION OF MORTGAGES**

### **5.1 Direct Debiting System**

- (a) For the purposes of collecting amounts due from Borrowers under the Portfolio Assets sold by the Seller to the Guarantor comprised in the Covered Bond Portfolio, the Servicer in accordance with this Agreement will, unless otherwise agreed to in writing with the Guarantor, act or cause another Person approved in writing by the Guarantor (such approval not to be unreasonably withheld) to act as collection agent for the Guarantor under a scheme for either the manual or automated debiting of bank accounts (the “**Direct Debiting System**”) provided such Direct Debiting System is operated in accordance with policies and procedures which would be acceptable to a Reasonable and Prudent Mortgage Lender. The Guarantor acknowledges and agrees that unless otherwise notified by the Servicer, The Toronto-Dominion Bank will act as the collection agent for the Guarantor under the Direct Debiting System.
- (b) If at any time the Servicer shall receive notice whether under the Direct Debiting System or otherwise that any amount or part thereof which was paid in or collected under the Direct Debiting System and which has been transferred to the Cash

Manager, the GIC Account or the Transaction Account, as the case may be, has not been received as cleared funds or has otherwise been recalled, the Servicer shall notify the Cash Manager and instruct the Cash Manager to, and the Cash Manager shall, forthwith return or debit the GIC Account or the Transaction Account and transfer to the Servicer or credit such account as the Servicer may direct in writing for the whole or any part of such amount and an amount equal to any costs which are not recoverable by the Servicer from the relevant Borrower and incurred by the Servicer as a result of such shortfall provided that no amount returned by the Cash Manager or debited from the GIC Account for the credit of the collection accounts in respect of any shortfall may be made on or after a Calculation Date in respect of the relevant period between that Calculation Date and the next Guarantor Payment Date unless sufficient funds are available after providing or making provision for all payments to be made by the Guarantor on the next succeeding Guarantor Payment Date. In the event any such amount is not repaid prior to the relevant Guarantor Payment Date, the Guarantor shall on or after such Guarantor Payment Date, transfer, or cause to be transferred on its behalf, from the Cash Manager, the GIC Account or the Transaction Account to the Servicer or such account as the Servicer may direct in writing an amount equal to such shortfall, subject to the Guarantor having sufficient funds available to it to do so or the Servicer shall deduct an amount equal to such shortfall from payments otherwise paid to the Guarantor (or the Cash Manager on its behalf) by the Borrowers in respect of Principal Receipts and Revenue Receipts received under the Loans.

## **5.2 Administration and Enforcement of Mortgages**

The Servicer shall provide the Services and carry out its specific obligations under this Agreement in accordance with the Seller's Policy.

## **5.3 Records**

The Servicer shall keep and maintain records in relation to the Loans sold by the Seller to the Guarantor comprised in the Covered Bond Portfolio, on a Loan by Loan basis, for the purposes of identifying amounts paid by each Borrower, any amount due from a Borrower and the principal balance (and, if different, the total balance) from time to time outstanding on a Borrower's account and such other records as would be kept by a Reasonable and Prudent Mortgage Lender. The Servicer will provide such information to the Guarantor and/or the Bond Trustee or to their order at all reasonable times upon reasonable notice subject to the Servicer being reasonably capable of providing such information without significant additional cost and subject to the provisions of applicable law and other applicable legislation from time to time and provided that no duty of confidence and no industry code of practice will or may be breached thereby.

## **5.4 Trust**

If the Servicer, solely in its capacity (including in its capacity as agent for the Guarantor) as servicer hereunder, receives any Collections in respect of the Portfolio Assets in the Covered Bond Portfolio (including pursuant to the Direct Debiting System) following the Purchase Date in respect of such Portfolio Assets, to which the Guarantor is entitled and which are to be paid to the Cash Manager or the Guarantor Accounts, as the case may be,

it will hold such monies in trust for the Guarantor and shall, but subject to the entitlements of the Seller or other beneficial owner (or owner) in respect of any Seller Retained Loan:

- (a) at any time that the ratings of the Servicer by the Rating Agencies are at or above the Servicer Deposit Threshold Ratings and a Covered Bond Guarantee Activation Event has not occurred, transfer such monies on or before the next Guarantor Payment Date (i) to the Cash Manager at any time that the ratings of the Cash Manager by one or more Rating Agencies are not below the Cash Management Deposit Ratings, and (ii) at any time the ratings of the Cash Manager by one or more Rating Agencies are below the Cash Management Deposit Ratings, into the GIC Account;
- (b) at any time that the ratings of the Servicer by one or more Rating Agencies are below the Servicer Deposit Threshold Ratings and a Covered Bond Guarantee Activation Event has not occurred, transfer such monies (i) to the Cash Manager at any time that the ratings of the Cash Manager by one or more Rating Agencies are not below the Cash Management Deposit Ratings, and (ii) at any time the ratings of the Cash Manager by one or more Rating Agencies are below the Cash Management Deposit Ratings, into the GIC Account, in each case within two Canadian Business Days of the collection and/or receipt thereof; or
- (c) following the occurrence of a Covered Bond Guarantee Activation Event, transfer such monies into the GIC Account within two Canadian Business Days of the collection and/or receipt thereof.

All other sums received by the Servicer in respect of the Loans sold by the Seller to the Guarantor and their Related Security not constituting Collections shall be held by the Servicer for itself on account of expenses incurred or to be incurred in connection with the Loan, including insurance premiums and property taxes.

## **ARTICLE 6 NO LIABILITY**

- 6.1 The Servicer, in its capacity as servicer, shall have no liability for any obligation of a Borrower under any Loan comprised in the Covered Bond Portfolio or any Related Security and nothing herein shall constitute a guarantee, or similar obligation, by the Servicer, in such capacity, of any Loan, any Related Security or any Borrower.
- 6.2 Save as otherwise provided in this Agreement, the Servicer, in its capacity as servicer, shall have no liability for the obligations of the Guarantor under any of the Transaction Documents or otherwise and nothing herein shall constitute a guarantee, or similar obligation, by the Servicer, in such capacity, of the Guarantor in respect of any of those obligations.

## **ARTICLE 7 NEW LOANS**

- 7.1 The Covered Bond Portfolio may be augmented from time to time by the sale to the Guarantor on any Purchase Date of New Loans and their Related Security by the Seller (or

another Person) in accordance with the Mortgage Sale Agreement, which sales will in all cases be subject to the terms set out in the Mortgage Sale Agreement.

- 7.2 In the event the Guarantor acquires the beneficial interest in New Loans from a Person other than the Seller, the Servicer shall not be under any obligation to service such New Loans under the terms of this Agreement. However, the Servicer may agree to service such New Loans, subject to such amendments to the terms hereof, including without limitation, with respect to fees and reimbursement for costs of providing the Services in respect of such New Loans, as the Servicer, the Guarantor, the Bond Trustee and the seller of such New Loans, may agree, in accordance with Article 25 hereof.

## **ARTICLE 8**

### **PRODUCT SWITCHES, FURTHER ADVANCES AND ADDITIONAL LOAN ADVANCES**

- 8.1 The Seller hereby agrees with each of the parties hereto that (i) the Servicer shall be entitled to accept, in its sole discretion, any application for a Product Switch or Additional Loan Advance, and the Seller upon a direction from the Servicer shall (if the Seller is other than the Servicer) make any Further Advance or Additional Loan Advance, in respect of any Loan in the Covered Bond Portfolio sold by the Seller to the Guarantor; (ii) in respect of a Loan and its Related Security to which a Further Advance, Additional Loan Advance or Product Switch has been made, the representations and warranties made by the Seller in paragraphs (d), (g), (h), (j), (m), (n), (o), (p) through (w) and (aa) through (jj) of Section 4.1 of the Mortgage Sale Agreement shall be true and correct in respect of any such Loan on the next Calculation Date, and if required by the Guarantor in writing, the Seller shall repurchase the relevant Loan and its Related Security from the Guarantor for its Fair Market Value as of the Calculation Date following the date on which the relevant Product Switch, Further Advance or Additional Loan Advance occurred, if (x) any such representation and warranty shall not be true and correct, or (y) the relevant Product Switch, Further Advance or Additional Loan Advance, as the case may be, results in paragraphs (c), (d), (e) and (f) of the Eligibility Criteria not being satisfied, in each case in respect of any such Loan on the next Calculation Date.
- 8.2 For greater certainty, any Further Advance or Additional Loan Advance in respect of any Loan in the Covered Bond Portfolio sold by the Seller to the Guarantor shall be funded by the Seller on an unsecured basis in accordance with the terms of the Intercompany Loan Agreement and the Guarantor Agreement and the Guarantor shall have no obligation to make any Further Advance or Additional Loan Advance.
- 8.3 The Servicer shall notify the Seller (if other than the Servicer) and the Guarantor (or the Cash Manager on its behalf) following acceptance by the Servicer of any application for a Product Switch or Additional Loan Advance.
- 8.4 The Servicer shall act in accordance with the policies or procedures of the Seller relating to Product Switches, Additional Loan Advances and Further Advances in accepting applications from Borrowers for Product Switches and Additional Loan Advances and in permitting any Further Advance to Borrowers in respect of Loans in the Covered Bond Portfolio in accordance with Section 8.1. For greater certainty any such Additional Loan Advance or other Further Advance shall be funded by the Seller in accordance with Section 8.2.

**ARTICLE 9  
REDEMPTION OF MORTGAGES**

- 9.1 Upon receipt of repayment in full of all sums due in relation to Loans in the Covered Bond Portfolio sold by the Seller to the Guarantor secured by a Mortgage and/or other Related Security comprised in the Covered Bond Portfolio, the Servicer shall, and is hereby authorized by the Seller and the Guarantor to, in the name of the Seller or the Guarantor, execute a receipt, discharge or other relevant document releasing the Mortgage at the applicable land registry office, land titles office or similar place of public record in which the related Mortgage is registered and any such other or further instrument or deed of satisfaction regarding such Mortgage and/or the Related Security as it considers to be necessary or advisable to release the relevant conveyancing deeds and documents, if any, which make up the title to such Property and the security for the Loan to the person or persons entitled thereto. The foregoing shall be in addition to any right of the Servicer under Article 10 to grant postponements and partial releases or discharges in respect of any Loan in the Covered Bond Portfolio sold by the Seller to the Guarantor.
- 9.2 The Servicer undertakes that prior to any actual release by it of the relevant documents as described in Section 9.1 above it will take such steps as would be taken by a Reasonable and Prudent Mortgage Lender to satisfy itself that such documents are being released to the person or persons entitled thereto.
- 9.3 Following any Enforcement Procedures taken by the Servicer as part of its performance of the Services hereunder, if upon completion of such Enforcement Procedures, an amount in excess of all sums due by the relevant Borrower to the Guarantor in respect of or related to the relevant Loan pursuant to the Mortgage Terms is recovered or received, the Servicer will cause the balance, after discharge of any sums due by the Borrower in respect thereof, to be paid to the person or persons next entitled thereto in accordance with the Mortgage Terms and applicable laws.

**ARTICLE 10  
POWERS OF ATTORNEY**

- 10.1 For good and valuable consideration and as security for the interests of the Guarantor hereunder, each of the Guarantor and the Seller (solely in respect of Loans in the Covered Bond Portfolio sold by the Seller to the Guarantor) hereby appoint the Servicer as its attorney on its behalf, and in its own or the attorney's name, for the following purposes:
- (a) executing all documents and doing all such acts and things which in the reasonable opinion of the Servicer are necessary or desirable for the efficient provision of the Services hereunder including without limitation in connection with exercising its rights, powers and discretion pursuant to Article 4 with respect to fixing the Guarantor Variable Rate; and
  - (b) without limiting Section 10.1(a), executing and delivering any and all instruments of satisfaction, cancellation or Registrable Transfer, or of partial or full postponement, release or discharge, and all other comparable instruments, with respect to the Loans comprised in the Covered Bond Portfolio and their Related Security, to the extent permitted under and in compliance with applicable laws, to commence

enforcement proceedings with respect to such Portfolio Assets, to demand and receive payment of all monies owing in respect of such Portfolio Assets, to give releases and discharges therefor, to arrange settlements and compromises in accordance with sound collection practices and to enforce any and all rights incidental to such Portfolio Assets, including without limitation any documents to be executed by the Servicer in accordance with Article 9,

provided that, for the avoidance of doubt, this power of attorney shall not authorize the Servicer to sell any of the Loans in the Covered Bond Portfolio and/or their Related Security except as specifically authorized in the Transaction Documents. For the avoidance of further doubt, neither the Seller (in its capacity as seller) nor the Guarantor shall be liable or responsible for the acts of the Servicer or any failure by the Servicer to act under or in respect of this power of attorney.

- 10.2 The appointment contained in Article 10 shall be irrevocable unless and until the termination of the appointment of the Servicer pursuant to Article 17 of this Agreement following which the appointments contained in Section 10.1 shall be automatically revoked.

## **ARTICLE 11 COSTS AND EXPENSES**

- 11.1 The Servicer hereby acknowledges that each Loan in the Covered Bond Portfolio and its Related Security are sold by the Seller to the Guarantor on a fully-serviced basis for a single consideration equal to the Aggregate Purchase Price. Subject to Section 11.2, no additional consideration will be paid to the Servicer for the servicing of the Loans under this Agreement. Except as and to the extent expressly provided for herein or in the Mortgage Sale Agreement, the Guarantor shall not have any obligation or liability to the Servicer on account of costs, expenses, disbursements, charges, or fees of the Servicer, the sole responsibility in that connection being that of the Servicer.
- 11.2 Notwithstanding Section 11.1, in the event the Servicer is replaced in accordance with the terms of this Agreement by a person other than the Bank or the Bank, in its capacity as servicer agrees to provide the Services in respect of Portfolio Assets in the Covered Bond Portfolio sold to the Guarantor by the Seller other than the Bank, unless otherwise agreed by the parties hereto, the Guarantor will on each Guarantor Payment Date reimburse the Servicer, in accordance with the relevant Priorities of Payments, for all reasonable out-of-pocket costs, expenses, disbursements, charges and fees (together with any amounts in respect of GST due thereon) properly incurred by the Servicer in the performance of the Services including any such expenses, disbursements, charges or fees not reimbursed to the Servicer on any previous Guarantor Payment Date and the Servicer shall supply the Guarantor (or the Cash Manager on its behalf) with a copy of an appropriate GST invoice issued by the person making the supply. In the circumstances set forth in this Section 11.2, the Servicer will use reasonable endeavours in accordance with the standards of a Reasonable and Prudent Mortgage Lender to recover from the relevant Borrowers all costs and expenses incurred by the Servicer which are properly recoverable from those Borrowers under the relevant Mortgage Terms.

## **ARTICLE 12 INFORMATION**

### **12.1 Maintenance of Records**

- (a) Subject to Article 14, the Servicer shall keep the Loan Files relating to the Portfolio Assets sold by the Seller to the Guarantor comprised in the Covered Bond Portfolio in safe custody and shall not without the prior written consent of the Guarantor part with possession, custody or control of them otherwise than to a sub-contractor or delegate appointed pursuant to Section 3.2, to the Custodian pursuant to the terms of the Custodial Agreement, or to a solicitor, licensed conveyancer, qualified conveyancer or authorized practitioner, subject to such undertakings as would be acceptable to a Reasonable and Prudent Mortgage Lender in similar circumstances. Further, the Servicer shall take appropriate technical and organizational measures against the unauthorized or unlawful processing of personal data and against accidental loss or destruction of, or damage to personal data.
- (b) The Loan Files relating to the Portfolio Assets sold by the Seller to the Guarantor comprised in the Covered Bond Portfolio shall be kept in such manner so that a computer record is maintained of their location and they are identifiable and retrievable by reference to an account number and pool identifier and identifiable and distinguishable from the conveyancing deeds and documents which make up the title and security relating to properties and mortgages outside of the Covered Bond Portfolio for which the Servicer is mortgagee or acts as servicer and, in chronological order: (i) the installment due dates for each Mortgage; (ii) the amount and date of each collection, disbursement, advance, adjustment or other transaction affecting the amounts due from or to each Mortgage debtor; and (iii) the latest outstanding balances of principal, deposits, advances and unapplied payments of each mortgage.
- (c) In the event the ratings of the Servicer by the Rating Agencies fall below the Servicer Replacement Threshold Ratings, the Servicer shall use reasonable endeavours to ensure that the Loan Files relating to the Portfolio Assets in the Covered Bond Portfolio are identified as distinct from the conveyancing deeds and documents which make up the title and security of other properties and mortgages which do not form part of the Covered Bond Portfolio.
- (d) The Servicer shall provide access or ensure that access is provided to the Loan Files and other records relating to the administration of the Portfolio Assets in the Covered Bond Portfolio to the Guarantor and its agents upon reasonable notice (given the nature of the information and/or documentation requested) during normal office hours. The Servicer acknowledges that the Loan Files relating to the Portfolio Assets sold by the Seller to the Guarantor comprised in the Covered Bond Portfolio in its possession, custody or control will be held to the order of the Guarantor and, pursuant to the Security Agreement, the Bond Trustee and that it has, in its capacity as Servicer, no beneficial interest therein and the Servicer irrevocably waives any rights or any Security Interest which it might have therein or to which it might at any time be entitled.

- (e) The Servicer shall maintain a register of the Covered Bond Portfolio to include, amongst other things, such records as are necessary to enforce each Mortgage in the Covered Bond Portfolio and, where relevant, any other Related Security and the Servicer shall maintain duplicate computer records with respect to the Portfolio Assets in the Covered Bond Portfolio at a location separate from that in which the original computer records are stored and in an environment conducive to the safe storage of electronic media, such records to be held to the order of the Guarantor and to be replaced by a revised duplicate as and when the original records are revised.
- (f) The Servicer shall keep the Guarantor informed of the location of the Loan Files and duplicate computer records.
- (g) The Servicer shall, within a reasonable period following the termination of the appointment of the Servicer pursuant to Article 18 of this Agreement, deliver all Loan Files (and duplicate computer or electronic records) relating to the Portfolio Assets in the Covered Bond Portfolio to or to the order of the Guarantor, the Custodian or to such Person as the Guarantor may elect as a substitute servicer in accordance with the terms of this Agreement, upon written request by or on behalf of the Guarantor made at any time on or after notice of, or on or after, termination of the appointment of the Servicer pursuant to Article 18 of this Agreement and shall prior to delivery thereof cooperate with such person in providing such information and documentation as may be necessary for such person to provide the Services with respect to the Portfolio Assets in the Covered Bond Portfolio.

## 12.2 Use of I.T. Systems

- (a) The Servicer covenants that at the date hereof in respect of the software which is used by the Servicer in providing the Services, it shall for the duration of this Agreement:
  - (i) ensure that it has in place all necessary licences and/or consents from the respective licensor or licensors (if any) of such software; and
  - (ii) except in so far as it would breach any other of its legal obligations, grant to any person to whom it may sub-contract or delegate the performance of all or any of its powers and obligations under this Agreement and/or to such person as the Guarantor elects as a substitute servicer in accordance with the terms of this Agreement a licence to use any proprietary software together with any updates which may be made thereto from time to time.
- (b) The Servicer shall maintain the information technology systems used by the Servicer in providing the Services in accordance with the standards of a Reasonable and Prudent Mortgage Lender.
- (c) The Servicer shall pass to any person to whom it may sub-contract or delegate the performance of all or any of its powers and obligations under this Agreement and/or to such person as the Guarantor elects as a substitute servicer in accordance with

the terms of this Agreement the benefit of any warranties in relation to the software insofar as the same are capable of assignment.

### 12.3 Access to Books and Records

Subject to all applicable laws, the Servicer shall permit the Guarantor (and its auditors), the Asset Monitor and the Bond Trustee and any other person nominated by the Guarantor (to whom the Servicer has no reasonable objection) upon reasonable notice (given the nature of the information and/or documentation requested) during normal office hours to have access, or procure that such person or persons are granted access, to all books of record and account (including, for the avoidance of doubt, the Loan Files) relating to the administration of the Portfolio Assets sold by the Seller to the Guarantor comprised in the Covered Bond Portfolio and related matters in accordance with this Agreement.

### 12.4 Information Covenants

- (a) The Servicer shall assist the Cash Manager in the production of the Investor Reports.
- (b) The Servicer shall take reasonable steps to notify the Rating Agencies in writing of the details of any proposed material change in the valuation procedures or policies applied or to be applied in relation to Properties by it in connection with its mortgage business (details of which change may be included in a report provided under paragraph (a)) and, such other information relating to its mortgage business and financial condition as the Rating Agencies may reasonably request in connection with the ratings of any Covered Bonds then outstanding, provided that such request does not adversely interfere with the Servicer's day to day provision of the Services under the other terms of this Agreement. For greater certainty, any failure by the Servicer to deliver any such notice prior to making any such proposed change shall not limit the ability of the Servicer to proceed with any such change or constitute a breach of the obligations of the Servicer hereunder.
- (c) The Servicer shall make available upon request to the Guarantor (or the Cash Manager on its behalf) and the Bond Trustee monthly a report stored upon electronic media including, but not limited to, a CD-ROM in a form acceptable to the Guarantor containing information regarding the Portfolio Assets comprised in the Covered Bond Portfolio including, but not limited to, details of the relevant account number, the relevant Borrower's name and the postal code of the relevant Property and the funding date of the relevant Mortgage.
- (d) The Servicer shall, subject to applicable laws and the Servicer Privacy Policies, at the request of the Guarantor and the Bond Trustee, furnish the Guarantor, the Bond Trustee and the Rating Agencies with such other information relating to its business and financial condition as it may be reasonable for the Guarantor and the Bond Trustee (as appropriate) to request in connection with the ratings of any Covered Bonds issued under the Programme by the Rating Agencies and other matters contemplated by the Programme, provided that the Guarantor or the Bond Trustee (as appropriate) shall not make such a request more than once every three months unless, in the belief of the Guarantor or the Bond Trustee (as appropriate), a

Guarantor Event of Default or a Servicer Termination Event shall have occurred and is continuing or may reasonably be expected to occur.

## 12.5 Security Sharing Agreement Notices

- (a) The Servicer shall provide notice to each party to the Security Sharing Agreement (a copy of which has been received by the Servicer), identifying the Guarantor Purchased Loans forming part of the affected Related Loans it is aware of (being Related Loans, or Related Loans of any Shared Security, affected by any breach, advice or challenge described in this Section 12.5(a)), upon:
- (i) receiving written advice from the Bank, or any beneficial owner (or owner) of Seller Retained Loans that has executed and delivered a counterpart to the Security Sharing Agreement in respect of one or more Seller Retained Loans, that breaches or causes a breach of Section 2.2 (Priority), Section 2.4 (Trust), Section 3.1 (Same Servicer for Related Loans and their Shared Security) or Section 3.5 (Enforcement Procedures) of the Security Sharing Agreement, or otherwise being provided or coming into possession of written evidence of such a breach, in each case where such breach is not remedied or advice withdrawn by the person responsible for such breach or providing such advice, as applicable, within 60 days (or, after an Issuer Event of Default, 10 Canadian Business Days) of such person receiving notice from the Servicer of such breach or such advice having been received by the Servicer, as the case may be;
  - (ii) receiving advice from the Bank, or any beneficial owner (or owner) of Seller Retained Loans that has executed and delivered a counterpart to the Security Sharing Agreement in respect of one or more Seller Retained Loans, (or otherwise being provided or coming into possession of written evidence) of or referencing, the sale, transfer or assignment of any Seller Retained Loan to a Person that has not executed and delivered (A) a counterpart to the Security Sharing Agreement to the parties to the Security Sharing Agreement substantially in the form of Exhibit B to the Security Sharing Agreement agreeing to be bound by the obligations of the Bank under the Security Sharing Agreement with respect to such Seller Retained Loan and its Shared Security; and (B) a Release of Security to the Custodian in respect of the Shared Security for such Seller Retained Loan to be held as a Release of Security under the Security Sharing Agreement (unless such sale, transfer or assignment results in a single Person beneficially owning (or owning) all of the Related Loans); or
  - (iii) being provided or coming into possession of written evidence that the Bank or any beneficial owner (or owner) of Seller Retained Loans that has executed and delivered a counterpart to the Security Sharing Agreement in respect of one or more Seller Retained Loans has commenced a challenge to the validity, legality or enforceability of Section 2.2 (Priority), Section 2.4 (Trust), Section 3.1 (Same Servicer for Related Loans and their Shared Security) or Section 3.5 (Enforcement Procedures) of the Security Sharing Agreement in relation to one or more Seller Retained Loans or their Related

Loans (each an affected Related Loan) in legal proceedings before a court of competent jurisdiction,

provided that in the case of any advice, breach or challenge described in this Section 12.5(a) by a beneficial owner (or owner) of Seller Retained Loans, such beneficial owner (or owner) beneficially owns (or owns) Related Loans of the affected Related Loans that are the subject of or affected by such advice, breach or challenge.

- (b) The Servicer shall immediately provide notice identifying the affected Related Loans to the person taking any action which under Section 12.5(a) could give rise to the requirement on the part of the Servicer to deliver a notice pursuant to Section 12.5(a) upon receiving notice of or becoming aware of any actions on the part of such person or receiving any direction, as applicable, that if not remedied or withdrawn, as the case may be, could give rise to a requirement on the part of the Servicer to deliver such notice under Section 12.5(a).
- (c) The Bank and the Guarantor shall each provide notice to the Servicer and a copy of any amendment of, supplement to (including the execution and delivery of any counterparties to the Security Sharing Agreement) or replacement of the Security Sharing Agreement immediately following any such amendment thereto.

### **ARTICLE 13 INSURANCE**

- 13.1 The Servicer shall (i) maintain the Guarantor as an additional insured under the policies of insurance, if any, carried by such Servicer in respect of third party liability, fire and all perils, and extended coverage claims applicable to or relating to the Loans and their Related Security and (ii) if applicable, act in accordance with the Seller's Policy to settle all losses in the event of damage to or destruction by fire or other insured casualty of any Property. Any amounts received by the Servicer in respect of any such policy of insurance shall be held and dealt with by the Servicer in accordance with Section 5.4 of this Agreement.

### **ARTICLE 14 DATA PROTECTION**

- 14.1 Each of the parties hereto shall maintain privacy policies and procedures consistent with the terms of this Agreement and compliant with all Applicable Privacy Laws. In all cases and without limiting the foregoing, each such party shall comply with Applicable Privacy Laws in the performance of its obligations under this Agreement. For greater certainty, and without limiting the foregoing, the Servicer shall have in place and maintain, policies ("**Servicer Privacy Policies**") governing the collection, use, disclosure, management and security of Personal Information, including, without limitation, an outline of the procedure and reasonable measures that the Servicer has in place to maintain the security of such Personal Information. From time to time, but not more often than once per annum, the Guarantor may, by request in writing to Servicer, request that the Servicer provide and the Servicer shall, promptly following a receipt of such request, provide to the Guarantor a certificate of an officer of the Servicer certifying the Servicer's maintenance of, and compliance with, the Servicer Privacy Policies.

**ARTICLE 15**  
**REPRESENTATIONS, WARRANTIES AND COVENANTS OF SERVICER**

- 15.1 The Servicer hereby represents, warrants and undertakes to, and covenants with, each of the Guarantor and the Bond Trustee that without prejudice to any of its specific obligations hereunder that:
- (a) it possesses the necessary experience, qualifications, facilities and other resources to perform its responsibilities under this Agreement and the other Transaction Documents to which it is a party and it will devote all due skill, care and diligence to the performance of its obligations and the exercise of its discretions hereunder;
  - (b) it will comply with the provisions of, and perform its obligations under, this Agreement, the other Transaction Documents to which it is party and the CMHC Guide, in each case in any capacity;
  - (c) the unsecured, unsubordinated and unguaranteed debt obligations, and the issuer default rating, of the Servicer are rated by each of the Rating Agencies at ratings that are at or above the Servicer Replacement Threshold Ratings;
  - (d) it is and will continue to be in good standing with OSFI;
  - (e) it is and will continue to be in material compliance with its internal policies and procedures relevant to the services to be provided by it pursuant to this Agreement and the other Transaction Documents to which it is party;
  - (f) it is and will continue to be in material compliance with all laws, regulations and rules applicable to it in relation to the services provided by it pursuant to this Agreement and the other Transaction Documents to which it is a party;
  - (g) it will comply with the terms of the Security Sharing Agreement;
  - (h) it will administer the Portfolio Assets as if the same had not been sold to the Guarantor but had remained on the books of the Seller and, in the event the Servicer agrees, subject to Article 7, to service New Loans and their Related Security sold by New Sellers to the Guarantor, as if such New Loans and their Related Security had been Loans and their Related Security of the Seller which had remained on the books of the Servicer;
  - (i) it will provide the Services in such manner and with the same level of skill, care and diligence as would a Reasonable and Prudent Mortgage Lender and using that degree of skill and attention that it exercises in managing, servicing, administering, collecting and performing similar functions relating to comparable loans that it services for itself;
  - (j) it will comply with any proper directions, orders and instructions which the Guarantor may from time to time give to it in accordance with the provisions of this Agreement;

- (k) it will keep in force all licences, approvals, authorizations and consents which may be necessary in connection with the performance of the Services and prepare and submit on a timely basis all necessary applications and requests for any further approval, authorization, consent or licence required in connection with the performance of the Services;
- (l) it will, save as otherwise agreed with the Guarantor, provide free of charge to the Guarantor, office space, facilities, equipment and staff sufficient to enable the Guarantor to fulfil its obligations under this Agreement;
- (m) it will not knowingly fail to comply with any legal requirements in the performance of the Services;
- (n) it will make all payments required to be made by it pursuant to this Agreement on the due date for payment thereof in Canadian dollars in immediately available funds for value on such day without set-off (including, without limitation, in respect of any fees owed to it) or counterclaim;
- (o) it will forthwith and in any event prior to the next Guarantor Payment Date after becoming aware of any event which may reasonably give rise to an obligation of the Seller to repurchase any Loan sold to the Guarantor in the Covered Bond Portfolio pursuant to the Mortgage Sale Agreement, notify the Guarantor in writing of such event;
- (p) it will upon the request of the Guarantor or the Bond Trustee, within 60 days of the ratings of the Servicer by one or more Rating Agencies falling below the Servicer Replacement Threshold Ratings, use commercially reasonable efforts to enter into a new or a master servicing agreement with a third party under which such third party will undertake the servicing obligations in relation to the Covered Bond Portfolio, substantially in the form of this Agreement (or otherwise subject to satisfaction of the Rating Agency Condition), with such modifications as the Guarantor and the Bond Trustee may reasonably require including with respect to the payment of servicing fees, provided the ratings of such replacement Servicer are at or above the Servicer Replacement Threshold Ratings; and
- (q) it will, within five Canadian Business Days of notification from the Guarantor of the identity of any proposed New Seller, provide the Rating Agencies with such details of that proposed New Seller as may be reasonably required by the Rating Agencies.

15.2 The covenants of the Servicer in Section 15.1 shall remain in force until this Agreement is terminated in respect of the relevant Servicer but without prejudice to any right or remedy of the Guarantor, the Bond Trustee and/or the Seller arising from breach of any such covenant prior to the date of termination of this Agreement.

## **ARTICLE 16 SERVICES NON-EXCLUSIVE**

16.1 Nothing in this Agreement shall prevent the Servicer from rendering or performing services similar to those provided for in this Agreement to or for itself or other persons, firms or

companies or from carrying on business similar to or in competition with the business of the Guarantor.

## **ARTICLE 17 TERMINATION**

- 17.1 If any of the following events (each, a “**Servicer Termination Event**” and, in relation to the events referred to in Sections 17.1(a) to (d), a “**Servicer Event of Default**”) shall occur:
- (a) the Servicer’s unsecured, unguaranteed and unsubordinated debt obligations, or the issuer default rating of the Servicer, are rated by one or more Rating Agencies below the Servicer Replacement Threshold Ratings;
  - (b) default is made by the Servicer in the payment on the due date of any amount due to the Guarantor and payable by it under this Agreement and such default continues unremedied for a period of three Canadian Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Bond Trustee or the Guarantor requiring the same to be remedied;
  - (c) default is made by the Servicer (or any delegate thereof) in the performance of its obligations under Section 5.4 at any time that there has been a downgrade in the ratings of the Servicer by one or more Rating Agencies below the Servicer Deposit Threshold Ratings and such default continues unremedied for a period of one Canadian Business Day after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Bond Trustee or the Guarantor requiring the same to be remedied;
  - (d) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under this Agreement, which in the reasonable opinion of the Bond Trustee is materially prejudicial to the interests of the holders of the Covered Bonds from time to time and such default continues unremedied within the earlier of 20 Canadian Business Days after becoming aware of such default and receipt by the Servicer of written notice from the Guarantor or the Bond Trustee requiring the same to be remedied;
  - (e) an Insolvency Event occurs in relation to the Servicer or any credit support provider in respect of the Servicer or the merger of the Servicer without an assumption of the obligations under this Agreement;
  - (f) the Guarantor resolves, after due consideration and acting reasonably, that the appointment of the Servicer should be terminated provided that a substitute servicer has entered into a servicing agreement with the parties hereto (excluding the Servicer) on terms and conditions substantially similar to the terms and conditions contained herein, and for which the Rating Agency Condition has been satisfied;
  - (g) a breach of a representation, warranty or covenant provided in Sections 15.1(a), (b), (d), (e) and (f); or

- (h) provided the Servicer is the Issuer or an Affiliate of the Issuer, an Issuer Event of Default (i) occurs and is continuing, or (ii) has previously occurred and is continuing, at any time that the Guarantor is Independently Controlled and Governed,

then the Guarantor and/or the Bond Trustee (x) may at once or at any time thereafter while such Servicer Termination Event continues by notice in writing to the Servicer or, (y) in the case of the occurrence of a Servicer Termination Event described in paragraph (a) above, at any time that the Guarantor is not Independently Controlled and Governed, shall, terminate its appointment as Servicer under this Agreement with effect from a date (not earlier than the date of the notice) specified in the notice.

17.2 The appointment of the Servicer under this Agreement may be terminated by the Servicer upon the expiry of not less than 12 months' notice of termination given by the Servicer to the Bond Trustee and the Guarantor provided that:

- (a) the Guarantor and the Bond Trustee consent in writing to such termination;
- (b) a substitute servicer shall be appointed, such appointment to be effective not later than the date of such termination and the Servicer shall notify the Rating Agencies in writing of the identity of such substitute servicer;
- (c) such substitute servicer is qualified to act as such, including that the ratings of the unsecured, unsubordinated and unguaranteed debt obligations of such substitute servicer, or the issuer default rating of such substitute servicer, as applicable, meet or exceed the Servicer Replacement Threshold Ratings from each Rating Agency;
- (d) such substitute servicer has a management team with experience of administering mortgages of residential property in Canada and is approved by the Guarantor;
- (e) such substitute servicer enters into an agreement substantially on the same terms as the relevant provisions of this Agreement (except as to fees) and the Servicer shall not be released from its obligations under the relevant provisions of this Agreement until such substitute servicer has entered into such new agreement, which agreement shall be in compliance with the CMHC Guide and shall include a covenant of such substitute servicer to comply with the provisions of, and perform its obligations under, the CMHC Guide; and
- (f) the Rating Agency Condition has been satisfied in respect thereof, unless the termination is otherwise agreed by an Extraordinary Resolution of the holders of the Covered Bonds.

17.3 Subject to the terms of the Security Sharing Agreement in respect of any Related Loans, the appointment of the Servicer under this Agreement may be terminated in respect of any Portfolio Assets following a sale, transfer or assignment of such Portfolio Assets by the Guarantor or the purchaser of such Portfolio Assets upon 30 days prior written notice to the Servicer, and in the case of Related Security, to the Seller selling such Related Loans, or such shorter period otherwise agreed to between the party delivering such notice and the recipient(s) of such notice.

- 17.4 On and after termination of the appointment of the Servicer under this Agreement pursuant to this Article 17, all authority and power of the Servicer under this Agreement shall be terminated and be of no further effect and the Servicer shall not thereafter hold itself out in any way as the agent of the Guarantor pursuant to this Agreement.
- 17.5 Upon termination of the appointment of the Servicer under this Agreement pursuant to this Article 17, the Servicer shall:
- (a) deliver forthwith (if practicable, on the date of receipt by the Servicer), at the expense of the Servicer, any monies then held by the Servicer on behalf of the Guarantor and within a reasonable period deliver (and in each case in the meantime hold in trust for, and to the order of, the Guarantor and the Bond Trustee) to the Guarantor or as it shall direct the Loan Files, all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belonging to the Guarantor and the Portfolio Assets in the Covered Bond Portfolio and any other assets of the Guarantor and prior to delivery thereof cooperate in providing such information and documentation as may be necessary to provide the Services with respect to the Portfolio Assets in the Covered Bond Portfolio;
  - (b) take such further action as the Guarantor and the Bond Trustee may reasonably direct at the expense of the Guarantor (including in relation to the appointment of a substitute servicer);
  - (c) provide all relevant information contained on computer records in the form of magnetic tape or any other acceptable form of data storage medium, together with details of the layout of the files encoded on such data storage medium; and
  - (d) co-operate and consult with and assist the Guarantor, the Bond Trustee and their nominees (which shall, for the avoidance of doubt, include any new servicer appointed by any of them) for the purposes of explaining the file layouts and the format of the magnetic tapes or other acceptable form of data storage medium generally containing such computer records on the computer system of the Guarantor or such nominee.
- 17.6 The Servicer shall deliver to the Guarantor and the Bond Trustee as soon as reasonably practicable but in any event within five Canadian Business Days of becoming aware thereof a notice of any Servicer Termination Event or any event which with the giving of notice or lapse of time or certification would constitute the same. Such notification shall specify which event in Article 17 has occurred and was the cause of such Servicer Termination Event (or any event which with the giving of notice or lapse of time or certification would constitute a Servicer Termination Event), a description of such Servicer Termination Event, and, if relevant, a reference to the provision in this Agreement or the other Transaction Documents which the Servicer has breached.
- 17.7 Termination of this Agreement or the appointment of the Servicer under this Agreement shall be without prejudice to the liabilities of the Guarantor to the Servicer or *vice versa* incurred before the date of such termination. The Servicer shall have no right of set-off or any lien in respect of such amounts against amounts held by it on behalf of the Guarantor.

- 17.8 This Agreement shall terminate at such time as the Guarantor has no further interest in the Portfolio Assets.
- 17.9 On termination of the appointment of the Servicer under the provisions of this Article 17, the Servicer shall, if so entitled pursuant to the terms of Article 11, be entitled to receive all fees and other monies accrued up to the date of termination, if any, but shall not be entitled to any other or further compensation. Such monies so receivable by the Servicer shall be paid by the Guarantor on the dates on which they would otherwise have fallen due hereunder. For the avoidance of doubt, such termination shall not affect the Servicer's rights to receive payment of all amounts (if any) due to it from the Guarantor other than under this Agreement.
- 17.10 If an Insolvency Event occurs in relation to any person to whom a Servicer has subcontracted or delegated part of its obligations hereunder, such Servicer will notify the Bond Trustee and it will, as soon as possible and in any event within ten Canadian Business Days of such an event occurring, terminate the relevant sub-contracting or delegation arrangements.
- 17.11 Any provision of this Agreement which is stated to continue after termination of the Agreement shall remain in full force and effect notwithstanding termination.
- 17.12 The Guarantor shall provide notice to CMHC of the termination or resignation of the Servicer and of the Servicer's replacement contemporaneously with the earlier of (i) notice of such termination or resignation and replacement to a Rating Agency, (ii) notice of such termination or resignation and replacement being provided to or otherwise made available to Covered Bondholders and (iii) five Business Days following such termination or resignation and replacement (unless the replacement has yet to be identified at that time, in which case notice of the replacement may be provided no later than 10 Business Days thereafter). Any such notice shall include (if known) the reasons for the termination or resignation of the Servicer, all information relating to the replacement required by the CMHC Guide and a revised and amended copy of this Agreement with such replacement.

## **ARTICLE 18 FURTHER ASSURANCE**

- 18.1 The parties hereto agree that they will co-operate fully to do all such further acts and things and execute any further documents as may be necessary or desirable to give full effect to the arrangements contemplated by this Agreement.
- 18.2 Without prejudice to the generality of Section 18.1, the Guarantor shall upon request by the Servicer forthwith give to the Servicer such further powers of attorney or other written authorizations, mandates or instruments as are necessary to enable the Servicer to perform the Services.
- 18.3 Nothing herein contained shall impose any obligation or liability on the Guarantor to assume or perform any of the obligations of the Servicer hereunder or render it liable for any breach thereof.

**ARTICLE 19  
MISCELLANEOUS**

19.1 Subject to Article 11 and Section 19.2, in the event that the funds available to the Guarantor on any Guarantor Payment Date are not sufficient to satisfy in full the aggregate amount, if any, payable to the Servicer by the Guarantor on such Guarantor Payment Date, then the amount, if any, payable to the Servicer on such Guarantor Payment Date shall be reduced by the amount of the shortfall and such shortfall shall (subject always to the provisions of this Article 19) be payable on the immediately succeeding Guarantor Payment Date.

19.2 In the event that:

- (a) after repayment in full of all amounts due under the Covered Bonds; or
- (b) after the service of a Guarantor Acceleration Notice and payment of all other prior claims,

the remaining sums available to the Guarantor or remaining proceeds of enforcement are insufficient to satisfy in full the outstanding fees or other claims of the Servicer, such fees shall be reduced by the amount of the deficiency.

19.3 Each of the Sellers and the Servicer agrees that it will not:

- (a) set-off or purport to set-off any amount which the Guarantor or the Bank is or will become obliged to pay to it under any of the Transaction Documents against any amount from time to time standing to the credit of or to be credited to a Guarantor Account or in any other account prior to transfer to a Guarantor Account; or
- (b) make or exercise any claims or demands, any rights of counterclaim or any other equities against or withhold payment of any and all sums of money which may at any time and from time to time be standing to the credit of a Guarantor Account.

19.4 Notwithstanding any other provisions of this Agreement, all obligations to, and rights of, the Guarantor under or in connection with this Agreement (other than its obligations under Article 20) shall automatically terminate upon the repayment of the Loans and the discharge in full of all amounts owing by the Guarantor under the Intercompany Loan Agreement, provided that this shall be without prejudice to any claims in respect of such obligations and rights arising on or prior to such date.

**ARTICLE 20  
CONFIDENTIALITY**

20.1 During the continuance of this Agreement or after its termination, each party to the Agreement shall use its reasonable best efforts not to disclose to any person, firm or company whatsoever any information relating to the business, finances or other matters of a confidential nature of any other party hereto of which it may exclusively by virtue of being party to the Transaction Documents have become possessed and shall use all reasonable endeavours to prevent any such disclosure as aforesaid, provided however that the provisions of this Article 20 shall not apply:

- (a) to any information already known to each of the parties, otherwise than as a result of entering into any of the Transaction Documents;
- (b) to any information subsequently received by any party which it would otherwise be free to disclose;
- (c) to any information which is or becomes public knowledge otherwise than as a result of the conduct of the parties;
- (d) to any extent that any party is required to disclose the same pursuant to and in accordance with (i) any Transaction Document, (ii) any law or order of any court, (iii) any direction, request or requirement (whether or not having the force of law) of any central bank or any governmental or other authority (including, without limitation, any official bank examiners or regulators), or (iv) the CMHC Guide and the Covered Bond Legislative Framework;
- (e) to the extent that the Guarantor needs to disclose the same for determining the existence of, or declaring, a Guarantor Event of Default or a Servicer Termination Event, the protection or enforcement of any of its rights under any of the Transaction Documents or in connection herewith or therewith or for the purpose of discharging, in such manner as it thinks fit, its duties under or in connection with such agreements in each case to such persons as require to be informed of such information for such purposes;
- (f) in relation to any information disclosed to the professional advisers of the relevant party or (in connection with any review of the current ratings of any Covered Bonds issued under the Programme or with a prospective rating of any debt to be issued by the Bank) to any credit rating agency or any prospective new servicer; or
- (g) to any information disclosed to a subsidiary of the Servicer in connection with the Issuer or Guarantor's normal course business operations.

## **ARTICLE 21 NOTICES**

Any notice, direction or other communication given under this Agreement shall be in writing and given by delivering it or sending it by prepaid first class mail to the registered office of such person set forth above unless an alternative address is provided below, in which case delivery shall be to the address provided below, or by facsimile transmission to facsimile number set forth below, or by electronic mail to the address set forth below, as applicable:

- (a) in the case of the Bank as Servicer, Seller and Bank to:

Equitable Bank  
30 St. Clair Avenue West  
Suite 700  
Toronto, Ontario  
Canada M4V 3A1

Attention: Alex Prokoudine, Vice-President, Capital Markets  
Fax: 1-416-515-7001  
Email: aprokoudine@eqbank.ca

(b) in the case of the Guarantor to:

EQB Covered Bond (Legislative) Guarantor Limited Partnership  
66 Wellington Street West, Suite 5300  
TD Bank Tower  
Toronto, Ontario  
Canada M5K 1E6

Attention: Michael Mignardi  
Fax: 1-416-515-7001  
Email: mmignardi@eqbank.ca

With a copy to:

Equitable Bank  
30 St. Clair Avenue West  
Suite 700  
Toronto, Ontario  
Canada M4V 3A1

Attention: Alex Prokoudine, Vice-President, Capital Markets  
Fax: 1-416-515-7001  
Email: mmignardi@eqbank.ca

(c) in the case of the Bond Trustee to:

Computershare Trust Company of Canada  
100 University Avenue  
11<sup>th</sup> Floor  
Toronto, Ontario  
Canada M5J 2Y1

Attention: Manager, Corporate Trust  
Email: corporatetrust.toronto@computershare.com

Notices delivered or transmitted to a party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Canadian Business Day prior to 4:00 p.m. local time in the place of delivery or receipt. If any notice is delivered or transmitted after 4:00 p.m. local time or if the day is not a Canadian Business Day, then such notice shall be deemed to have been given and received on the next Canadian Business Day. Any party may change its address for notice, or facsimile contact information, or electronic mail contact information for service from time to time by notice given in accordance with

the foregoing and any subsequent notice shall be sent to such party at its changed address, or facsimile contact information, or electronic mail contact information, as applicable.

**ARTICLE 22  
NO PARTNERSHIP**

It is hereby acknowledged and agreed by the parties that nothing in this Agreement shall be construed as giving rise to any partnership between any of the parties.

**ARTICLE 23  
ASSIGNMENT**

- 23.1 The Servicer may not assign or transfer any of its rights and obligations under this Agreement without the prior written consent of the Guarantor and the Rating Agency Condition having been satisfied in respect thereof. For greater certainty, nothing in this Section 23.1 shall affect the rights of the Servicer under Section 3.2.
- 23.2 The Servicer acknowledges that the Guarantor has, pursuant to the Security Agreement, *inter alia*, assigned by way of security all its rights, title, interest and benefit, present and future, in and to, all sums from time to time standing to the credit of the Guarantor Accounts and all of its rights under this Agreement to the Bond Trustee (for itself and on behalf of the Secured Creditors).

**ARTICLE 24  
BOND TRUSTEE**

- 24.1 If there is any change in the identity of the Bond Trustee in accordance with the Trust Deed, the Servicer, the Seller and the Guarantor shall execute such documents and take such action as the successor Bond Trustee and the outgoing Bond Trustee may reasonably require for the purpose of vesting in the successor Bond Trustee the rights and obligations of the outgoing Bond Trustee under this Agreement and releasing the outgoing Bond Trustee from its future obligations under this Agreement.
- 24.2 It is hereby acknowledged and agreed that by its execution of this Agreement the Bond Trustee shall not assume or have any of the obligations or liabilities of the Servicer, the Seller or the Guarantor under this Agreement and that the Bond Trustee has agreed to become a party to this Agreement for the purpose only of taking the benefit of this Agreement and agreeing to amendments to this Agreement pursuant to Section 26. For the avoidance of doubt, the parties to this Agreement acknowledge that the rights and obligations of the Bond Trustee are governed by the Trust Deed and Security Agreement. Any liberty or right which may be exercised or determination which may be made under this Agreement by the Bond Trustee may be exercised or made in the Bond Trustee's absolute discretion without any obligation to give reasons therefore and the Bond Trustee shall not be responsible for any liability occasioned by so acting if acting pursuant to Section 18 of the Trust Deed without prejudice to its obligation to act reasonably where so required pursuant to the terms of the Transaction Documents.

**ARTICLE 25  
AMENDMENTS, VARIATION AND WAIVER**

- 25.1 Any amendments to this Agreement will be made only with the prior written consent of each party to this Agreement provided, for certainty, no such consent shall be required in connection with the amendment or other change to the rate of interest on Advances. No waiver of this Agreement shall be effective unless it is in writing and signed by (or by a person duly authorised by) each of the parties. Subject to Section 3.2 of the Master Definitions and Construction Agreement and to the following sentence, each proposed amendment or waiver of this Agreement that is considered by the Guarantor to be a material amendment or waiver shall be subject to satisfaction of the Rating Agency Condition and the Guarantor (or the Cash Manager on its behalf) shall deliver notice to the Rating Agencies of any amendment or waiver which does not require satisfaction of the Rating Agency Condition provided that failure to deliver such notice shall not constitute a breach of the obligations of the Guarantor under this Agreement. For certainty, any amendment to (a) a Ratings Trigger that (x) lowers the ratings specified therein, or (y) changes the applicable rating type, in each case, as provided for in this Agreement, or (b) the consequences of breaching a Ratings Trigger, or changing the applicable rating type, provided for in this Agreement that makes such consequences less onerous, shall, with respect to each affected Rating Agency only, be deemed to be a material amendment and shall be subject to confirmation of the satisfaction of the Rating Agency Condition from each affected Rating Agency. No single or partial exercise of, or failure or delay in exercising, any right under this Agreement shall constitute a waiver or preclude any other or further exercise of that or any other right.

**ARTICLE 26  
NON-PETITION**

- 26.1 The Seller, Servicer and Cash Manager agree that they shall not institute or join any other Person or entity in instituting against, or with respect to, the Guarantor, or any of the general partners of the Guarantor, any bankruptcy or insolvency event so long as any Covered Bonds issued by the Issuer under the Programme shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such Covered Bonds shall have been outstanding. The foregoing provision shall survive the termination of this Agreement by any of the parties hereto.

**ARTICLE 27  
COUNTERPARTS AND SEVERABILITY**

- 27.1 This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement.
- 27.2 Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.
- 27.3 Where any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining

provisions or obligations under this Agreement, or of such provision or obligation in any other jurisdiction, shall not be affected or impaired thereby.

## **ARTICLE 28 GOVERNING LAW**

- 28.1 This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to conflict of law principles.
- 28.2 Each of the parties hereto irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario in any action or proceeding arising out of or relating to this Agreement, and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts. Each party to this Agreement hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the courts of the Province of Ontario are an inconvenient forum for the maintenance or hearing of such action or proceeding.

## **ARTICLE 29 LIABILITY OF LIMITED PARTNERS**

- 29.1 EQB Covered Bond (Legislative) Guarantor Limited Partnership is a limited partnership formed under the *Limited Partnerships Act* (Ontario), a limited partner of which is, except as expressly required by law, only liable for any of its liabilities or any of its losses to the extent of the amount that the limited partner has contributed or agreed to contribute to its capital.

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## **SCHEDULE 1 - THE SERVICES**

In addition to the Services set out in the body of this Agreement, the Servicer shall:

- (a) keep records and books of account on behalf of the Guarantor in relation to the Portfolio Assets in the Covered Bond Portfolio;
- (b) keep any records necessary for all Taxation;
- (c) assist the auditors, if applicable, of the Guarantor and provide information to them upon reasonable request;
- (d) take all reasonable steps to recover all sums due to the Guarantor, including instituting proceedings and enforcing any relevant Loan or Mortgage or other Related Security using the discretion of a Reasonable and Prudent Mortgage Lender in applying the enforcement procedures forming part of the Seller's Policy;
- (e) enforce any Loan which is in default in accordance with the Seller's enforcement procedures or, to the extent that such enforcement procedures are not applicable having regard to the nature of the default in question, with the usual procedures undertaken by a Reasonable and Prudent Mortgage Lender on behalf of the Guarantor;
- (f) act as collection agent for the Guarantor under the Direct Debiting System in accordance with the provisions of this Agreement; and
- (g) comply and, as applicable, cause any person to which it sub-contracts or delegates the performance of all or any of its powers and obligations under this Agreement to comply with, the provisions of the Security Sharing Agreement applicable to a servicer and not take any action in contravention of the Security Sharing Agreement except pursuant to a written notice or direction in which case Section 12.5 will apply.