



Movable hypothec on an insurance policy or an annuity contract transacted by an insurer

EASE #: _____

BETWEEN: B2B BANK (hereinafter called the "Bank") 199 Bay Street, Suite 600 PO Box 279 Commerce Court Toronto ON M5L 0A2

AND: _____
(Name, address and date of birth of Borrower)
(hereinafter called the "Borrower")

- The Bank and the Borrower have entered into a Loan Agreement whereby the Bank has granted or made available to the Borrower a loan in the amount of (\$ _____), signed on _____, (all the sums owed by the Borrower to the Bank under the Loan Agreement, and all renewals, replacements, additions or modifications, substitutions or rewordings brought to it are hereinafter called the "Loan").
- The Bank and the Borrower agree to secure reimbursement of the Loan or, when applicable, the suretyship, by a movable hypothec on the property described hereunder.

IN CONSEQUENCE HEREOF, THE PARTIES AGREE AND DECLARE AS FOLLOWS:

3. MOVABLE HYPOTHEC

To secure the repayment of the sums that the Borrower owes or may owe the Bank under the Loan, the suretyship, this deed and any other present or future undertakings towards the Bank, as well as the interest at a rate of 25% per annum from the date of these presents, and the accessories, as well as the performance of all obligations arising therefrom, the Borrower hypothecates in favour of the Bank for a sum of

_____ (\$ _____),

- the rights under the policy subscribed for an amount of _____ (\$ _____) bearing number _____, issued by _____ on the life _____
- the rights under the annuity contract bearing number _____ subscribed and transacted by: _____ in respect of the annuitant _____

(such insurance policy or annuity contract, hereinafter referred to as the "policy").

The hypothec shall affect all rights, titles, interest, dividends, benefits and advantages connected to the policy or resulting from it, including all the rights the Borrower may have, directly or indirectly, in securities which form part of the segregated funds investments made from time to time under the policy, the whole subject to the terms and conditions listed below. To secure any amount owing to the Bank which would be in excess of the amount of the above hypothec, the Borrower hypothecates the policy and all rights, titles, interests, dividends, benefits and advantages connected to it or resulting from it for a further amount equal to twenty percent (20%) of the amount of the hypothec.

4. OBLIGATIONS OF THE BORROWER

The Borrower makes the following commitments:

4.1 Premium payment

The Borrower shall pay the premiums when due and shall carry out all acts required to maintain the policy in force, with this provision that the Bank shall not be bound to pay such premiums itself, nor shall it be held liable in case of default in the payment of such premiums, even if it formerly paid some of them. Receipt for the payment of premiums shall be handed over to the Bank ten (10) days prior to their due date, failing which the Bank may itself make such premium payments and demand repayment thereof from the borrower. The premiums thus paid by the Bank shall bear interest at the Bank's Prime Rate plus three percent (3%). Prime Rate means the annual interest rate announced by B2B Bank from time to time as being its reference rate then in effect (the "Prime Rate").

4.2 Other documents

The Borrower binds and obliges himself to sign all other documents required to give full effect to this agreement and agrees to take all action necessary to maintain the policy in force or any other policy that may be substituted therefor.

4.3 Hypothec or other prior encumbrances

The Borrower undertakes to maintain at all times the policy free of any hypothec or other encumbrance. He binds and obliges himself to deliver to the Bank, at the latter's request and at his own expense, any waiver, postponement of claim, acquittance, discharge or certified statement, as deemed necessary by the Bank to secure the prior rank of its rights over such policy.

4.4 Additional hypothec

At the Bank’s request, the Borrower undertakes to grant the latter any additional hypothec it will deem reasonable in order to maintain the value of the securities granted under this deed.

4.5 Costs

The Borrower shall pay the fees and expenses related to these presents, professional fees if any, as well as any other expense incurred by the Bank.

4.6 Sale or other alienation of claim

The Borrower may not sell or otherwise alienate the rights under the policy without the Bank’s prior authorization in writing.

5. RIGHTS OF THE LENDER

5.1 Realisation

In the event of default, without any prior notice and any need to obtain any further consent, the Bank is hereby irrevocably authorized to and may collect benefits, realize the surrender and cash value of the policy or to exercise, if it so chooses, any of the options related thereto, make any arrangement or compromise it deems appropriate, grant acquittances of any sums and benefits received, and transfer or otherwise negotiate the policy without incurring any liability, in any case where a loss is claimed by the Borrower or the beneficiary.

5.2 Signature

If the payment of any monies due under the policy is made by means of a cheque, money order, note or other instrument drawn to the order of the Borrower or any beneficiary as applicable or to his order jointly with others, the Bank, subject to all its rights and recourses, may sign on behalf of the Borrower or of such beneficiary as an endorsement or receipt in order to cash the said instrument; to this end, the Borrower and the beneficiary hereby grant irrevocably to the Bank and each of its designated officers, every power and mandate as required.

5.3 New policy

The hypothec shall affect any new policy as may be issued in replacement of or in substitution for the policy hypothecated hereunder.

5.4 Rights of the Bank

The rights of the Bank under this agreement shall be in addition to but not substituted for any rights it may hold under any other security or agreement.

6. CONSENT OF THE BENEFICIARY

The beneficiary agrees to the above provisions and hereby waives, up to the amounts owing to the Bank in principal, interest, costs and accessories, any rights, benefits and advantages in his favour resulting from the policy and expressly consents to the Bank making with the insurer or the Borrower, their successors and assigns any compromise, transaction or other arrangement it deems appropriate without any prior notice or authorization or signature other than the one hereby given.

7. SUCCESSORS AND ASSIGNS

This agreement shall be binding on the parties hereto, their successors and assigns.

8. LANGUAGE

The parties have expressly requested that this Agreement and any notices, documents or other writings relating hereto be drawn up in English. Les parties ont expressément exigé que la présente entente ainsi que tout avis ou autre document s’y rapportant soient rédigés en anglais.

INTERPRETIVE CLAUSE

Whenever the context so requires the singular number shall be interpreted as plural, the masculine gender as feminine or neuter, and vice-versa.

Made and signed at _____ on this _____ day of _____

(Signature of Borrower)

(Signature of designated beneficiary)

B2B Bank



Puneet Mann
Vice President & Head, Personal Deposits & Unsecured Lending

Note: When the beneficiary is a legal person, a copy in authentic form of a board of director’s resolution authorizing the hypothec must be submitted.

Form 5744-8 duly completed must be sent to the insurer.