CREDIT AGREEMENT

Made as of December 13, 2012

Between

FIRST NATIONAL FINANCIAL CORPORATION
as Borrower

and

EACH OF THE FINANCIAL INSTITUTIONS AND OTHER ENTITIES FROM TIME TO TIME PARTIES HERETO
as Lenders

and

FIRST NATIONAL FINANCIAL GP CORPORATION
FIRST NATIONAL FINANCIAL LP
FIRST NATIONAL ASSET MANAGEMENT INC.
AND EACH OF THE OTHER CREDIT PARTIES FROM TIME TO TIME PARTIES HERETO
as Credit Parties

and

ROYAL BANK OF CANADA
as Agent and Lead Arranger

and

BANK OF MONTREAL
as Syndication Agent

and

THE TORONTO-DOMINION BANK
as Documentation Agent

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RECITALS

A. Pursuant to the Amended and Restated Credit Agreement made as of April 16, 2008, as amended by the First Amendment to Credit Agreement made as of June 12, 2008 (the "**First Amended and Restated Credit Agreement**"), the Limited Partnership, as borrower, the Credit Parties (as defined therein), as credit parties, each of the financial institutions and other entities party thereto, as lenders, (the " **First Amended and Restated Lenders**"), Royal Bank of Canada, as Agent and Lead Arranger, Bank of Montreal, as Syndication Agent and The Bank of Nova Scotia, as Documentation Agent, the First Amended and Restated Lenders agreed to make credit facilities available to the Limited Partnership.

B. Pursuant to the Second Amended and Restated Credit Agreement made as of June 11, 2009, as amended by the First Amendment to Credit Agreement made as of December 29, 2009 and the Second Amendment to Credit Agreement made as of January 11, 2010 (the "**Second Amended and Restated Credit Agreement**"), the Limited Partnership, as borrower, the Credit Parties (as defined therein), as credit parties, each of the financial institutions and other entities party thereto, as lenders, (the "**Second Amended and Restated Lenders**"), Royal Bank of Canada, as Agent and Lead Arranger, Bank of Montreal, as Syndication Agent and The Bank of Nova Scotia, as Documentation Agent, the Second Amended and Restated Lenders agreed to make credit facilities available to the Limited Partnership on the amended terms set out therein.

C. Pursuant to the Third Amended and Restated Credit Agreement made as of May 7, 2010, as amended by the Consent and First Amendment dated as of May 19, 2010 (the "**Third Amended and Restated Credit Agreement**"), the Limited Partnership, as borrower, the Credit Parties (as defined therein), as credit parties, each of the financial institutions and other entities party thereto, as lenders, (the "**Third Amended and Restated Lenders**"), Royal Bank of Canada, as Agent and Lead Arranger, Bank of Montreal, as Syndication Agent and The Bank of Nova Scotia, as Documentation Agent, the Third Amended and Restated Lenders agreed to make credit facilities available to the Limited Partnership on the amended terms set out therein.

D. Pursuant to the Fourth Amended and Restated Credit Agreement made as of January 1, 2011, as amended by a first amendment made as of May 6, 2011 and a second amendment made as of February 28, 2012 (the "**Fourth Amended and Restated Credit Agreement**"), the Limited Partnership, as borrower, the Credit Parties (as defined therein), as credit parties, each of the financial institutions and other entities party thereto, as lenders, (the "**Fourth Amended and Restated Lenders**"), Royal Bank of Canada, as Agent and Lead Arranger, Bank of Montreal, as Syndication Agent and The Bank of Nova Scotia, as Documentation Agent, the Fourth Amended and Restated Lenders agreed to make credit facilities available to the Limited Partnership on the amended terms set out therein.

E. Pursuant to the Fifth Amended and Restated Credit Agreement made as of May 7, 2012 (the "**Fifth Amended and Restated Credit Agreement**"), the Limited Partnership, as borrower, the Credit Parties (as defined therein), as credit parties, each of the financial institutions and other entities party thereto, as lenders, (the "**Fifth Amended and Restated Lenders**"), Royal Bank of Canada, as Agent and Lead Arranger, Bank of Montreal, as Syndication Agent and The Toronto-Dominion Bank, as Documentation Agent, the Fifth Amended and Restated Lenders agreed to make credit facilities available to the Limited Partnership on the amended terms set out therein.

F. The Borrower has requested, and the Borrower, the other Credit Parties, the Agent and the Lenders have agreed, (i) that the Limited Partnership shall repay all Advances outstanding under the Fifth Amended and Restated Credit Agreement on the Closing Date and that all

Commitments under the Fifth Amended and Restated Credit Agreement shall be terminated on such date, and (ii) to provide the Credit Facilities to the Borrower, subject to the terms and conditions of this Agreement.

FOR VALUE RECEIVED, the parties agree as follows:

ARTICLE 1 – INTERPRETATION

Section 1.1 Certain Defined Terms

The terms defined below shall have the indicated meanings unless the context expressly or by necessary implication requires otherwise:

(1) **Acceptance Fee** means a fee payable by the Borrower with respect to the acceptance of a Bankers' Acceptance by a Lender under this Agreement, as set forth in Section 4.2.

(2) **Additional Compensation** has the meaning given to it in Section 4.8(3).

(3) **Adjusted Funded Debt** means, at any time, Funded Debt plus NHA-MBS Repurchase Loans.

(4) **Advance** means an extension of credit under the Credit Facilities by a Lender to the Borrower by way of the advance of a Prime Loan or the acceptance of Bankers' Acceptances. Any reference to the amount of any Advance shall refer to the principal amount thereof, in the case of Prime Loans, or the full face amount of any B/As accepted hereunder, in the case of an Advance by way of B/As.

(5) **Affected Borrowing** has the meaning given to it in Section 4.9.

(6) **Affiliate** has the meaning given to it in the Business Corporations Act (Ontario).

(7) **Agent** means Royal Bank when acting as agent and any successor agent appointed under Section 12.9.

(8) **Agent's Account for Payments** means the following account maintained by the Agent, to which payments and transfers are to be effected as follows:

Royal Bank of Canada
Swift Address: ROYCCAT2
Favour: /00002-266-760-8
RBC Agency Services Group
Toronto, Ontario
Ref: First National Financial Corporation

or any other account of the Agent as the Agent may from time to time advise the Borrower and the Lenders in writing.

(9) **Agent's Branch of Account** means RBC Agency Services Group located in the Royal Bank of Canada, 4th Floor, 20 King Street West, Toronto, Ontario M5H 1C4 (Fax No.: 416-842-4023) or other office or branch of the Agent in Canada as the Agent may from time to time advise the Borrower and the Lenders in writing.

(10) **Agreed Currency** has the meaning given to it in Section 14.6.

(11) **Agreement** means this agreement, including the Schedules hereto, as amended, varied, supplemented, restated, renewed or replaced at any time and from time to time.

(12) **Applicable Law** means, in respect of any Person, property, transaction or event, all present and future laws, statutes, regulations, treaties, judgments and decrees applicable to that Person, property, transaction or event (whether or not having the force of law with respect to regulatory matters applicable to the Agent and the Lenders) and all applicable requirements, requests, official directives, consents, approvals, authorizations, guidelines, rules, orders and policies of any Governmental Authority having or purporting to have authority over that Person, property, transaction or event, and, for greater certainty, including without limitation any rules, guidelines or directives promulgated by the Basel Committee on Banking Supervision pursuant to Basel III.

(13) **Applicable Margin** means, with respect to Prime Loans, Acceptance Fees, Tranche I Commitment Fee and Tranche II Commitment Fee, the number of basis points as determined in accordance with Section 4.3.

(14) **Appraised Value** means, in respect of any real property, the appraised value of the property as determined by the Borrower in accordance with its established and customary practice and standards of due diligence and, in the case of other than Residential Real Property, as determined by an AACI accredited appraiser.

(15) **Approved Fund** means any fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender, where, for the purpose of this definition, **fund** means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

(16) **Approved Purchasers** means financial institutions, life insurance companies, pension funds, investment dealers or special purpose vehicles issuing or being funded by the issuance of debt securities rated BBB (low) or better by DBRS or having an equivalent rating by another recognized rating agency.

(17) **Assignment and Assumption** means an assignment and assumption entered into by a Lender and an Eligible Assignee and accepted by the Agent, in substantially the form of Schedule 1.1(17) or any other form approved by the Agent.

(18) **Associate** has the meaning given to it in the Business Corporations Act (Ontario).

(19) **Auditors** means an independent chartered accounting firm of national standing or otherwise acceptable to the Agent appointed by either the shareholders or the board of directors of the General Partner on behalf of the Limited Partnership or the General Partner or the board of directors on behalf of the Borrower, as applicable, to provide audit services from time to time.

(20) **BA Equivalent Loan** means an Advance made by a Non BA Lender evidenced by a Discount Note.

(21) **Bankers' Acceptance** and **B/A** each means, as applicable, a bill of exchange within the meaning of the *Bills of Exchange Act* (Canada) denominated in Canadian Dollars, drawn by the Borrower and accepted by a Lender, and includes a Discount Note, and a depository bill issued in accordance with the *Depository Bills and Notes Act* (Canada), as amended from time to time, substantially in the form of Schedule 1.1(21).

(22) **Borrower** means First National Financial Corporation, a corporation amalgamated under the laws of Ontario, and its successors and permitted assigns.

(23) **Borrower's Account** means an account of the Borrower maintained at the Branch of Account of Royal Bank, in Canada, particulars of which the Borrower has advised the Agent in writing.

(24) **Borrower Amalgamation** means the amalgamation of each of First National Financial Inc. and First National Financial Corporation by the filing of articles of amalgamation pursuant to the *Business Corporations Act* (Ontario) effective January 1, 2011, to continue as First National Financial Corporation.

(25) **Borrowing Base Certificate** means a Certificate substantially in the form attached as Schedule 1.1(25) signed by the President, Chief Financial Officer or any Vice-President of the Borrower.

(26) **Branch of Account** means, with respect to each Lender, the branch of the Lender at the address set out opposite the Lender's name on Schedule 1.1(26) or other branch as the Lender may advise the Borrower and the Agent in writing.

(27) **Bridge/Mezzanine Mortgage Loans** means residential or commercial short term (not to exceed 18 months) bridge or interim completion financing or mezzanine loans in advance of permanent long term financing, secured by mortgages or charges of real property located in Canada, constituting not less than a second ranking charge on the mortgaged property, which meet the Limited Partnership's established and customary standards of due diligence for mortgage secured loans of such nature and which are not Pooled Mortgages or Inventory Mortgages.

(28) **Business Day** means a day on which chartered banks are open for over-the-counter business in Toronto and excludes Saturday, Sunday and any day which is a statutory holiday in Toronto.

(29) **Canada Guaranty** means Canada Guaranty Mortgage Insurance Company and its successors.

(30) **Canada Guaranty Insured Mortgages** means mortgages or charges of property located in Canada, the loans secured by which are insured 100% by Canada Guaranty.

(31) **Canadian Benefit Plans** means all material employee benefit plans or arrangements maintained or contributed to by any of the Credit Parties that are not Canadian Pension Plans, including all profit sharing, savings, supplemental retirement, retiring allowance, severance, pension, deferred compensation, welfare, bonus, incentive compensation, phantom stock, legal services, supplementary unemployment benefit plans or arrangements and all life, health, dental and disability plans and arrangements in which the employees or former employees of any of the Credit Parties participate or are eligible to participate but excluding all stock option or stock purchase plans.

(32) **Canadian Dollars** and the symbol "**Cdn$**" each means lawful money of Canada.

(33) **Canadian Pension Plans** means all plans or arrangements which are considered to be pension plans for the purposes of any applicable pension benefits standards statute or regulation in Canada established, maintained or contributed to by any of the Credit Parties for its employees or former employees.

(34) **Capital Expenditures** means, for any period, the aggregate amount of all expenditures of the Borrower, determined on a consolidated basis, for fixed or capital assets made during such period which in accordance with GAAP are classified as capital expenditures and, for greater certainty, includes maintenance capital expenditures.

(35) **Capital Lease** means, with respect to a Person, any lease or other arrangement relating to property or assets which would be required to be accounted for as a capital lease on a balance sheet of that Person in accordance with GAAP. The amount of any Capital Lease at any date shall be the amount of the obligation in respect thereof which would be included on the balance sheet.

(36) **CDOR Rate** means, on any day, for a particular term, the annual rate of interest which is the arithmetic average of the discount rates applicable to Canadian Dollar Bankers' Acceptances identified as such on the Reuters Screen CDOR Page at approximately 10:00 a.m. on such day for the particular term (as adjusted by the Agent after 10:00 a.m. to reflect any error in any posted rate or in the posted average annual rate). If the rate does not appear on the Reuters Screen CDOR Page as contemplated above, then the CDOR Rate on any day for the particular term shall be calculated as the arithmetic average of the discount rates applicable to Canadian Dollar Bankers' Acceptances of, and as quoted by, the Schedule I Reference Banks as of 10:00 a.m. on the day for the particular term, or if the day is not a Business Day, then on the immediately preceding Business Day.

(37) **Certificate** means, in respect of any Credit Party, a written certificate signed in the name of such Credit Party by an appropriate officer thereof or, in the case of the Limited Partnership, an appropriate officer of the General Partner.

(38) **Closing Date** means December 13, 2012, or such other date as agreed to in writing by the Borrower and the Agent.

(39) **CMHC** means Canada Mortgage and Housing Corporation and its successors.

(40) **CMHC Insured Mortgages** means mortgages or charges of property located in Canada, the loans secured by which are insured 100% by CMHC.

(41) **Collateral** means the undertaking, property and assets subject to a Lien in favour of the Agent under the Security Documents and any other property, real or personal, tangible or intangible, now existing or hereafter acquired by any Credit Party or any other Person, that may at any time be or become subject to a Lien in favour of the Agent or the Lenders to secure any or all of the Obligations.

(42) **Commitment** means, with respect to any Lender, the principal amount set out opposite such Lender's name under the heading "Total Commitment" in Schedule 1.1(42), being the sum of its Tranche I Commitment and Tranche II Commitment, as such amount may be reduced or cancelled in accordance with the Agreement or increase in accordance with Section 3.6.

(43) **Commitment Increase** has the meaning given to it in Section 3.6(1).

(44) **Compliance Certificate** means a Certificate substantially in the form attached as Schedule 1.1(44) signed by the President, Chief Financial Officer or any Vice-President of the Borrower.

(45) **Contaminant** means any pollutant, dangerous, toxic or hazardous substance, waste of any description whatsoever, hazardous material or contaminant, including any of the foregoing as defined in any Environmental Laws.

(46) **Contract Period** means the period selected by the Borrower in accordance with Section 3.4(1) in respect of Bankers' Acceptances commencing on the Drawdown Date, Rollover Date or Conversion Date, as applicable, and expiring on a Business Day, subject to the terms of Section 3.6.

(47) **Control** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise.

(48) **Conventional First Mortgages** means conventional first ranking mortgages or charges of Residential Real Property located in Canada in principal amounts not exceeding 80% of the Appraised Value of the mortgaged property meeting the Limited Partnership's established and customary standards of due diligence for investments of such nature.

(49) **Conversion** means the conversion of an outstanding Advance, or a portion of an outstanding Advance, into an alternative type of Advance under Section 3.9.

(50) **Conversion Date** means the Business Day that the Borrower elects as the date on which a Conversion is to occur.

(51) **Credit Facilities** has the meaning given to it in Section 3.1.

(52) **Credit Parties** means the Borrower, the General Partner, the Limited Partnership, First National Asset Management Inc. and each Subsidiary of the Borrower now existing or created or acquired after the date hereof, and **Credit Party** means any of them.

(53) **DBRS** means DBRS Limited and its successors.

(54) **DBRS Rating** means, at any time, the issuer rating issued by DBRS and then in effect with respect to the Borrower.

(55) **Debentureholder Obligations** shall have the meaning given to it in the Intercreditor Agreement.

(56) **Debentures** means the issue by the Borrower (as successor to First National Financial Income Fund) of senior secured debentures with the designation of "**5.07% Series 1 Senior Secured Debentures due May 7, 2015**", all upon the terms and conditions set forth in the Trust Indenture.

(57) **Debentures Reserve** means Cdn$175,000,000.

(58) **Debt** of a Person means:

(a) all debts and liabilities of the Person for borrowed money;

(b) all Financial Assistance granted by the Person;

(c) any obligation, contingent or other, which is required to be classified in accordance with GAAP upon the Person's balance sheet as a liability;

(d) any obligation secured by any Lien existing on property owned or acquired by the Person subject to the Lien whether or not the obligation secured thereby shall have been assumed;

(e) any debt or liability of the Person representing the deferred acquisition cost of property or assets created or arising under any conditional sale agreement or other title retention agreement even though the rights and remedies of the seller under that agreement in the event of default are limited to repossession or sale of property or assets covered thereby;

(f) any liabilities, contingent, unmatured or other, under indemnities given in respect of any bankers' acceptance, or letter of credit;

(g) any operating lease under which the Person has furnished a residual value guarantee and in respect of which the Person is liable as lessee;

(h) any Capital Lease by which the Person is bound; and

(i) all Hedging Liabilities of the Person;

but "**Debt**" does not include deferred taxes or trade payables in the ordinary course of business.

(59) **Default** means an event, circumstance or omission which constitutes an Event of Default or which, with any or all of the giving of notice, lapse of time, or a failure to remedy the event, circumstance or omission within a lapse of time, would constitute an Event of Default.

(60) **Deferred Placement Fees Receivables** means the net present value, calculated in accordance with GAAP, of future payments due or to become due and payable not more than five years after the date of determination for deferred placement fees in connection with sales of mortgages to institutional investors other than amounts that have been subordinated and postponed to the interests of any other Persons, and excluding (i) any receivables where any amounts owing from the applicable debtor are in default, (ii) all amounts due from any Affiliate, (iii) bad or doubtful accounts, (iv) the amount of all holdbacks, contra accounts or rights of set-off on the part of the debtor and (v) any receivables which the Agent has previously advised to be ineligible.

(61) **Deposits** means, in respect of Pooled Mortgages, Inventory Mortgages, Single Family Dwelling Secured Notes, or Eligible Bridge/Mezzanine Mortgage Loans, at any time, the aggregate of all deposits and other advances of any kind received from Approved Purchasers on account of the purchase or acquisition of such assets.

(62) **Discount Note** means a non-interest bearing promissory note denominated in Canadian Dollars, substantially in the form of Schedule 1.1(62), issued by the Borrower to a Non BA Lender to evidence a BA Equivalent Loan.

(63) **Discount Proceeds** means, for any Bankers' Acceptance issued hereunder, an amount calculated on the applicable Drawdown Date, Rollover Date or Conversion Date, as applicable, by multiplying:

(a) the face amount of the Bankers' Acceptance

by

(b) the quotient obtained by dividing:

(i) one

by

(ii) the sum of one plus the product of:

(A) the Discount Rate applicable to the Bankers' Acceptance

and

(B) a fraction, the numerator of which is the number of days in the applicable Contract Period and the denominator of which is 365,

with the quotient being rounded up or down to the fifth decimal place and .00005 being rounded up.

(64) **Discount Rate** means with respect to an issue of Bankers' Acceptances in Canadian Dollars with the same maturity date, (a) for a Lender which is a Schedule I Lender, (i) the average B/A discount rate for the appropriate term as quoted on Reuters Screen CDOR Page determined at or about 10:00 a.m. (Toronto time) on the first day of the applicable Contract Period, as adjusted by the Agent after 10:00 a.m. to reflect any error in the posted rate or in the posted average annual rate, or, (ii) if the discount rate for a particular term is not quoted on Reuters Screen CDOR Page, the arithmetic average of the actual discount rates for B/As for such term quoted by the Schedule I Reference Banks at or about 10:00 a.m. (Toronto time) on the first day of the applicable Contract Period but not to exceed the actual rate of discount applicable to B/As quoted by the Agent (as Lender) for the same B/A issue plus 10 basis points per annum, and (b) for a Lender which is not a Schedule I Lender, the lesser of (i) the arithmetic average of the actual discount rates for B/As for such term quoted by the Schedule II/III Reference Banks at or about 10:00 a.m. (Toronto time) on the first day of the applicable Contract Period and (ii) the actual rate of discount applicable to B/As as determined for Schedule I Lenders in (a) above for the same B/A issue plus 10 basis points per annum.

(65) **Distributable Cash** means, in respect of any period for the Limited Partnership, an amount equal to EBITDA of the Limited Partnership for such period minus the sum of:

(a) payments of principal made by the Limited Partnership on account of Debt during such period, other than payments of principal during such period which are (i) made in respect of the Credit Facilities or (ii) funded by way of Debt permitted under Section 9.2(3);

(b) cash Interest Expense paid by the Limited Partnership during such period;

(c) Capital Expenditures which are not funded by way of Debt permitted under Section 9.2(3); and expenditures relating to incentive or compensation plans to management and other personnel made by the Limited Partnership during such period (to the extent not deducted in the determination of EBITDA for the period);

(d) cash taxes paid by the Limited Partnership during such period;

(e) such amounts that the General Partner may reasonably consider to be necessary to provide for the payment of any costs or expenses incurred or reasonably expected to be incurred in the activities and operations of the Limited Partnership (to the extent not otherwise deducted); and

(f) such amounts that the General Partner may reasonably consider to be necessary to provide for reasonable reserves, including working capital reserves for contingencies, reserves for maintenance and other Capital Expenditures and reserves for the purpose of stabilizing distributions to unitholders of the Limited Partnership.

(66) **Distributable Cash Surplus** means (i) in respect of the twelve month period ending on December 31, 2011, $45,000,000, and (ii) in respect of any twelve month period ending thereafter (the "**Relevant Period**"), the amount, if any, by which Distributable Cash exceeds Distributions for the twelve month period immediately preceding the Relevant Period.

(67) **Distribution** means, in respect of any Person, any payment, loan, contribution or other transfer of funds or property to the beneficial holder of any security issued by such Person (where **security** has the meaning assigned in the *Securities Act* (Ontario)), or to any Associate or Affiliate of that holder, either directly or indirectly, including dividends, distributions, repayment of the principal of, or any interest on, any loans or the redemption, retraction or purchase of any of those securities, but excludes compensation to management, reimbursement of expenses and other payments in the ordinary course made in each case in connection with the employment of management of the Person.

(68) **Documents** means this Agreement, the Bankers' Acceptances, the Security Documents, and all certificates, instruments, agreements and other documents delivered, or to be delivered, to the Agent and the Lenders under this Agreement and, when used in relation to any Person, the term **Documents** means the Documents executed and delivered by the Person.

(69) **Drawdown Date** means a Business Day on which an Advance is made or is deemed to be made.

(70) **EBITDA** means, with respect to any fiscal period of a Person, the consolidated net income (excluding extraordinary gains or losses) of such Person for that period, plus, to the extent deducted in determining that net income, interest and income taxes accrued during, and depreciation, depletion and amortization expenses deducted for that period, all computed and consolidated in accordance with GAAP.

(71) **Eligible Assignee** means any Person (other than a natural person, any Credit Party or any Affiliate of a Credit Party), in respect of which any consent that is required by Section 13.2 has been obtained.

(72) **Eligible Bridge/Mezzanine Mortgage Loans** means Bridge/ Mezzanine Mortgage Loans, subject to the following limitations:

(a) the weighted average term of all Bridge/Mezzanine Mortgage Loans comprising **Eligible Bridge/Mezzanine Mortgage Loans** at any time of determination shall not exceed 12 months; and

(b) Bridge/Mezzanine Mortgage Loans having any principal, interest or other amounts in arrears for more than 180 days from the due date will not qualify as **Eligible Bridge/Mezzanine Mortgage Loans**.

(73) **Environmental Activity** means any activity, event or circumstance in respect of a Contaminant including its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation or its Release into the natural environment including movement through or in the air, soil, subsoil, surface water or groundwater.

(74) **Environmental Laws** means any and all federal, provincial, state, municipal and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, grants, licences, agreements or other governmental restrictions of, as applicable, Canada, its provinces and all applicable municipalities thereof and the United States of America, its states, and all applicable municipalities thereof relating to the environment, health and safety, health protection or any Environmental Activity.

(75) **Equity** means at any time the aggregate of the following amounts, each determined in accordance with GAAP:

(a) share capital;

(b) retained earnings (other than earnings arising from a revaluation of assets) or deficit, and

(c) contributed surplus.

(76) **Excluded Taxes** has the meaning given to it in Section 6.2(4).

(77) **Extended Maturity Date** has the meaning given to it in Section 5.3.

(78) **Event of Default** means any of the events or circumstances specified in Section 10.1.

(79) **FNFC Held Assets** means Pooled Mortgages, Inventory Mortgages, Eligible Bridge/Mezzanine Mortgage Loans, and Single Family Dwelling Secured Notes existing on June 15, 2006 or in respect of which on June 15, 2006 First National Financial Corporation has committed to advance, beneficially owned by the Limited Partnership and with legal title held by the Borrower as trustee for the Limited Partnership.

(80) **Fifth Amended and Restated Credit Agreement** has the meaning given to it in Recital E.

(81) **Fifth Amended and Restated Lenders** has the meaning given to it in Recital E.

(82) **Financial Assistance** means, with respect to any Person and without duplication, any loan to or Investment in or other form of direct or indirect financial support of any other Person or any obligation (contingent or other) intended to enable another Person to incur or pay any Debt or to comply with agreements relating thereto or otherwise to assure or protect creditors of the other Person against loss in respect of Debt of the other Person and includes any guarantee of the Debt of the other Person and any absolute or contingent obligation:

(a) to advance or supply funds for the payment or purchase of any Debt of any other Person;

(b) to purchase, sell or lease (as lessee or lessor) any property, assets, goods, services, materials or supplies primarily for the purpose of enabling any Person to make payment of Debt or to assure the holder thereof against loss;

(c) to indemnify or hold harmless any creditor of any other Person from or against any losses, liabilities or damages;

(d) to make a payment to another for goods, property or services regardless of the non-delivery or non-furnishing thereof; or

(e) to make an Investment in or to maintain the capital, working capital, solvency or general financial condition of another Person.

The amount of any Financial Assistance is the amount of any loan or Investment or direct or indirect financial support, without duplication, made or given, or all Debt of the obligor to which the Financial Assistance relates, unless the Financial Assistance is limited to a determinable amount, in which case the amount of the Financial Assistance is the determinable amount.

(83) **First Amended and Restated Credit Agreement** has the meaning given to it in Recital A.

(84) **First Amended and Restated Lenders** has the meaning given to it in Recital A.

(85) **Fourth Amended and Restated Credit Agreement** has the meaning given to it in Recital D.

(86) **Fourth Amended and Restated Lenders** has the meaning given to it in Recital D.

(87) **Fiscal Quarter** means a fiscal quarter of the Credit Parties ending on March 31, June 30, September 30 and December 31 in each Fiscal Year.

(88) **Fiscal Year** means the fiscal year of the Credit Parties ending on December 31 of each calendar year.

(89) **Funded Debt** means, at any time, without duplication, all obligations for borrowed money which bears interest or to which interest is imputed, all obligations for the deferred payment of the purchase price of any property, all indebtedness under Capital Leases, all

indebtedness secured by purchase money security interests and the aggregate of the Net Hedging Liabilities owing by any Credit Party less any cash or cash equivalent collateral held by the Lenders therefor, but excludes Subordinated Debt, NHA – MBS Repurchase Loans and notes or other Debt payable by the Credit Parties in respect of Securitized Mortgages.

(90) **GAAP** means generally accepted accounting principles in effect in Canada at the time any calculation or determination is made or required to be made in accordance with generally accepted accounting principles, applied in a consistent manner from period to period, including as set out in Part I – International Financial Reporting Standards – of the Handbook of the Canadian Institute of Chartered Accountants, as such handbook is amended from time to time.

(91) **General Partner** means First National Financial GP Corporation, the general partner of the Limited Partnership.

(92) **Genworth** means Genworth Financial Mortgage Insurance Company Canada and its successors.

(93) **Genworth Insured Mortgages** means mortgages or charges of property located in Canada, the loans secured by which are insured 100% by Genworth.

(94) **Good Accounts Receivable** means accounts receivable excluding (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the Agent has designated such portion as nevertheless good, (ii) all amounts due from any Affiliate, (iii) bad or doubtful accounts, (iv) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, or (v) any accounts which the Agent has previously advised to be ineligible; provided that **Good Accounts Receivable** shall exclude all Securitization Interest Spread and all Deferred Placement Fees Receivables.

(95) **Government Approvals** means, with respect to any Person, all licences, permits, consents, authorizations and approvals from any and all Governmental Authorities required for the conduct of that Person's business as presently conducted.

(96) **Governmental Authority** means any domestic or foreign government including any federal, provincial, state, territorial or municipal government and any government agency, tribunal, commission or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government.

(97) **GP Units** means the units representing the general partner interest in the Limited Partnership.

(98) **Granting Lender** has the meaning given to it in Section 13.1(3)(a).

(99) **Hedge Contract** means a contract for the purchase of any currency with any other currency at an agreed rate of exchange on a specified date, an interest rate or currency swap or any other interest or exchange rate exposure management arrangements governed by an ISDA Master Agreement.

(100) **Hedging Liabilities** of a Person means, with respect to any Hedge Contract, at any date of calculation, the amount which would be owing by such Person under the Hedge Contract if such agreement was terminated on the date of calculation.

(101) **Hedging Reserve** means the aggregate of all Hedging Liabilities with respect to any Hedge Contract entered into by any Credit Party (for greater certainty, without giving effect to any netting or setting off) less any cash or cash equivalent collateral held therefor.

(102) **including** means including without limitation and **includes** means includes without limitation.

(103) **Increase Notice** has the meaning given to it in Section 3.6(1).

(104) **Intercreditor Agreement** means the Second Amended and Restated Intercreditor Agreement made as of December 13, 2012 among the Credit Parties, the Agent and Computershare Trust Company of Canada, as further amended, restated, supplemented, modified, replaced, extended, or renewed from time to time.

(105) **Interest Expense** means, for any period, as reflected on the consolidated financial statements of the Borrower for the period, the cost to the Limited Partnership of advances of credit outstanding during that period including interest charges, the interest component of Capital Leases, fees payable in respect of letters of credit and discounts incurred and fees payable in respect of bankers' acceptances, all computed and consolidated in accordance with GAAP, and, for greater certainty, includes interest on Subordinated Debt.

(106) **Interest Payment Date** means the first Business Day of each month.

(107) **Inventory Mortgages** means CMHC Insured Mortgages, Canada Guaranty Insured Mortgages, Genworth Insured Mortgages and Conventional First Mortgages originated for the purpose of sale to Approved Purchasers, which do not form a part of any prearranged or presold mortgage pool and **Inventory Mortgage** means any of them.

(108) **Investment** means, for any Person, the acquisition (whether for cash, property, services, securities or otherwise) of shares, bonds, notes, debentures, partnership or other ownership interests or other securities of any other Person or any agreement to make that acquisition.

(109) **Investment Grade Securities** means fully marketable debt securities ranked AA (low) or better by DBRS or having an equivalent rating of another recognized rating agency acquired for sale to Approved Purchasers, all of which meet the Limited Partnership's established and customary standards of due diligence for investments of such nature.

(110) **ISDA** means the International Swaps and Derivatives Association, Inc. and any successor thereto.

(111) **ITA** means the *Income Tax Act* (Canada), as amended, and any successor thereto, and any regulations promulgated thereunder.

(112) **Judgment Currency** has the meaning given to it in Section 14.6.

(113) **Lenders** means all of the banks and other financial institutions named on the signature pages of this Agreement, including without limitation, the Swing Line Lender and their permitted successors and assigns, and "**Lender**" means any one of them.

(114) **Lien** means any mortgage, charge, lien, hypothec or encumbrance, whether fixed or floating on, or any security interest in, any property, whether real, personal or mixed, tangible or intangible, any pledge or hypothecation of any property, any deposit arrangement, priority, conditional sale agreement, other title retention agreement or equipment trust, Capital Lease, any credit support annex to the Schedule to the ISDA Master Agreement relating to a Hedge Contract or other security arrangement of any kind.

(115) **Limited Partnership** means First National Financial LP, a partnership formed under the laws of Ontario.

(116) **Limited Partnership Agreement** means the second amended and restated limited partnership agreement dated as of January 1, 2011 among the General Partner, the Borrower as limited partner and each Person who is admitted as a limited partner, pursuant to which the Limited Partnership will be governed, as the same may be amended, supplemented or restated from time to time.

(117) **LP Units** means the Class A limited partnership units of the Limited Partnership.

(118) **Market Disruption CDOR Rate** means, in respect of any applicable Requisite Disruption Lender, on any day, (i) if the Borrower, the Requisite Disruption Lenders and the Agent have not agreed to an alternate rate pursuant to Section 4.11, the rate per annum notified to the Agent by such Requisite Disruption Lender (and then by the Agent to the Borrower), as soon as practicable and, in any event, before interest is due to be paid in respect of that period, to be that which expresses as a percentage rate per annum the cost to such Requisite Disruption Lender of funding its Rateable Portion of the applicable Advance by way of Prime Loan or Bankers' Acceptance, as applicable, from whatever source as it may reasonably select; or (ii) if the Borrower, the Requisite Disruption Lenders and the Agent have agreed to an alternate rate pursuant to Section 4.11, the rate per annum so agreed to.

(119) **Market Disruption Event** means:

(a) the CDOR Rate is not available for the relevant Contract Period; or

(b) due to one or more events, circumstances or conditions affecting any Lender, the cost to such Lender of funding in the relevant interbank markets its Rateable Portion of any Advance by way of Bankers' Acceptances would be in excess of the Discount Rate or by way of Prime Loans would be in excess of the Prime Rate.

(120) **Majority Lenders** means:

(a) with respect to any determination to suspend the right of the Borrower to borrow under Tranche I pursuant to Section 10.2 or any other determination relating solely to Tranche I (for greater certainty, other than any determinations under Section 14.1(2)(a) through Section 14.1(2)(j)), any group of Tranche I Lenders whose Tranche I Commitments represent, in the aggregate, at least 66 $^2/_3$% of the Total Tranche I Commitment, or at any time when the Tranche I Commitments have terminated, any group of Tranche I Lenders from whom, in the aggregate, at least 66 $^2/_3$% of the outstanding Tranche I Advances have been made available; or

(b) with respect to any determination to suspend the right of the Borrower to borrow under Tranche II pursuant to Section 10.2 or any other determination relating solely to Tranche II (for greater certainty, other than any determinations under Section 14.1(2)(a) through Section 14.1(2)(j)), any group of Tranche II Lenders whose Tranche II Commitments represent, in the aggregate, at least 66 $^2/_3$% of the Total Tranche II Commitment, or at any time when the Tranche II Commitments have terminated, any group of Tranche II Lenders from whom, in the aggregate, at least 66 $^2/_3$% of the outstanding Tranche II Advances have been made available; or

(c) in any other circumstance, any group of Lenders whose Commitments represent, in the aggregate, at least 66 $^2/_3$% of the Total Commitment, or at any time when the Commitments have terminated, any group of Lenders from whom, in the aggregate, at least 66 $^2/_3$% of the outstanding Advances have been made available.

(121) **Material Adverse Change** means, where used in relation to the affairs of any Credit Party or other Person, a change in the business, operations or capital of such Credit Party or other Person that would reasonably be expected to have a Material Adverse Effect.

(122) **Material Adverse Effect** means a material adverse effect on (a) the business, operations, property or financial or other condition of the Credit Parties taken as a whole which would materially and adversely affect the ability of the Credit Parties to perform and discharge their obligations under this Agreement, any of the other Documents, or their Material Contracts, (b) the Collateral, the Agent's or the Lenders' Liens on the Collateral or the priority of those Liens, or (c) the Agent's or the Lenders' ability to enforce their rights or remedies under this Agreement or any of the other Documents.

(123) **Material Contract** means any mortgage purchase or servicing agreement or other contract or agreement to which any Credit Party is a party or by which it is bound, the termination or cancellation of which (prior to its scheduled termination date) would have a Material Adverse Effect.

(124) **Maturity Date** means December 13, 2016 or, if the Maturity Date has been extended pursuant to Section 5.3, the most recent Extended Maturity Date.

(125) **Net Hedging Liabilities** of a Person means all Hedging Liabilities of the Person at any date of calculation, after netting or setting off against such liabilities all amounts that would be owing to the Person under all Hedge Contracts if terminated on such date, except to the extent such netting or setting off is not permitted by GAAP or Applicable Law.

(126) **New Lenders** has the meaning given to it in Section 3.6(1).

(127) **NHA - MBS Mortgage Pools** means pools of mortgages for which NHA - MBS certificates have been or are intended to be issued.

(128) **NHA – MBS Repurchase Collateral** means NHA – MBS Mortgage Pools that are the subject of or in respect of which an NHA – MBS Repurchase Loan is entered into.

(129) **NHA – MBS Repurchase Loan** means Debt incurred by the Limited Partnership in the ordinary course of business by way of the sale of NHA – MBS Mortgage Pools to a lender, together with an agreement by the Limited Partnership to repurchase such NHA – MBS Mortgage Pools from such lender at a specified future date not to exceed thirty days from the date of such sale.

(130) **Non BA Lender** means a Lender that cannot or does not as a matter of policy issue bankers' acceptances.

(131) **Obligations** means all debts, liabilities and obligations for the payment of monetary amounts or for the performance of covenants, tasks or duties (whether or not those amounts are liquidated or determinable, or performance is then required or contingent) owing by the Borrower and the other Credit Parties, or any of them, to the Agent or any Lender under any or all of the Documents or to any Lender or affiliate of any Lender under any Hedge Contract, present or future, direct or indirect, absolute or contingent, of any kind or nature and whether or not evidenced by any agreement or other instrument, including all obligations owed by the Borrower and the other Credit Parties, or any of them, to the Lenders for Advances or otherwise under the Credit Facilities.

(132) **Origination Date** means, in respect of a Pooled Mortgage, Inventory Mortgage, or Single Family Dwelling Secured Note, the earlier of the date the initial Advance is made to the Borrower to finance such asset or the date of the first inclusion of such asset in the Borrowing Base.

(133) **Participant** has the meaning given to it in Section 13.4.

(134) **Participating Lenders** has the meaning given to it in Section 3.6(1).

(135) **Permitted Distributions** means Distributions in cash to holders of LP Units or GP Units of the Limited Partnership or of Subordinated Debt up to an aggregate amount at any time, calculated for the immediately preceding 12 month period, not to exceed the sum of Distributable Cash calculated for such period plus the Distributable Cash Surplus for such period, provided that no Default or Event of Default has occurred and is continuing at the time of, or would reasonably be expected to occur as a result of, any such Distribution.

(136) **Permitted Liens** means, in respect of the Credit Parties:

(a) any Lien created by, or arising under any statute or regulation or common law (in contrast with Liens voluntarily granted) in connection with, without limiting the foregoing, workers' compensation, unemployment insurance, employers' health tax or other social security or statutory obligations that secure amounts that are not yet due or which are being contested in good faith by proper proceedings diligently pursued and as to which adequate reserves have been established on the Borrower's or the applicable Credit Party's books and records and a stay of enforcement of the Lien is in effect;

(b) Liens made or incurred in the ordinary course of business to secure the performance of bids, tenders, contracts (other than for the borrowing of money), leases, statutory obligations or surety and performance bonds;

(c) any construction, workers', materialmens' or other like Lien created by law (in contrast with Liens voluntarily granted), arising in connection with construction or maintenance in the ordinary course of business, in respect of obligations which are not due or which are being contested in good faith by proper proceedings diligently pursued and as to which adequate reserves have been established on the applicable Credit Party's books and records and a stay of enforcement of the Lien is in effect;

(d) any Lien for Taxes not due or being contested in good faith by appropriate proceedings diligently pursued and as to which adequate reserves have been established on the applicable Credit Party's books and records and a stay of enforcement of the Lien is in effect;

(e) minor imperfections in title on real property that do not materially impair the applicable Credit Party's ability to carry on its business or the Agent's or the Lenders' rights and remedies under the Documents;

(f) any purchase money Lien on specific fixed assets (including Capital Leases) to secure the payment of the purchase price of those fixed assets where the amount of the obligations secured does not exceed 100% of the lesser of the cost or fair market value of the fixed assets and the amount secured by such Liens and Liens permitted under Section 1.1(136)(p) does not exceed in the aggregate 2% of the consolidated Tangible Net Worth of the Credit Parties; and extensions, renewals or replacements thereof upon the fixed assets if the amount of the obligations secured thereby is not increased;

(g) restrictions, easements, rights-of-way, servitudes or other similar rights in land (including rights-of-way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved by other Persons which in the aggregate do not materially impair the usefulness, in the operation of the business of the Credit Parties, of the real property subject to the restrictions, easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other Persons;

(h) the rights reserved to or vested in any Person by the terms of any lease, licence, franchise, grant or permit held by any Credit Party or by any statutory provision, to terminate any such lease, licence, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(i) the reservations, limitations, provisos and conditions, if any, expressed in any original grants from the Crown;

(j) restrictive covenants affecting the use to which real property may be put, provided that the covenants are complied with and do not materially impair the use of the real property in the operations of any Credit Party;

(k) any Lien arising pursuant to any repurchase transaction entered into in the ordinary course of hedging any Credit Party's interest rate exposure, provided such Lien is restricted to the assets that are the subject of the repurchase agreement;

(l) any Lien resulting from security given to a utility or Governmental Authority in the ordinary course of business when required by such utility or Governmental Authority in connection with the operation of the business of any Credit Party;

(m) the granting by any Credit Party in the ordinary course of its business of any lease, sublease, tenancy or right of occupancy to any Person in respect of real property owned or leased by such Credit Party;

(n) any interest or title of a lessor or sublessor under any lease and any restriction or encumbrance to which the interest or title of such lessor may be subject;

(o) any Liens securing Subordinated Debt on terms satisfactory to the Majority Lenders;

(p) Liens arising from conditional sale, title retention, consignment, reservation of security interest or other similar arrangements in respect of sales of goods entered into by the any Credit Party as purchaser in the ordinary course of business securing the unpaid purchase price of the goods, where the amount secured by such Liens and Liens permitted under Section 1.1(136)(f) does not exceed in the aggregate 2% of the consolidated Tangible Net Worth of the Credit Parties;

(q) a transfer of an account or chattel paper pursuant to the securitization of any assets of any Credit Party that is not intended to, and does not, secure payment or performance of any obligation and any financing statement filed against any Credit Party in respect thereof pursuant to section 2(b) of the *Personal Property*

Security Act (Ontario) or any corresponding legislation in any other applicable jurisdiction;

(r) the Liens created by the Security Documents and any other security provided to the Agent or a Lender as security for the Obligations;

(s) Liens over NHA – MBS Mortgage Pools and/or NHA – MBS mortgage certificates relating to NHA-MBS Mortgage Pools which are sold to a lender pursuant to an NHA – MBS Repurchase Loan, provided such Liens are limited to the specific NHA-MBS Mortgage Pool being sold and the amount of the obligations secured thereby does not exceed 100% of the aggregate principal amount of the NHA-MBS mortgages in the NHA-MBS Mortgage Pool being sold and the aggregate amount secured by all such Liens does not exceed C$950,000,000;

(t) the Liens referred to in Schedule 1.1(136);

(u) the Liens created by the security documents provided by the Credit Parties to the Trustee as security for the Debentureholder Obligations, provided that such Liens are subject to the Intercreditor Agreement; and

(v) Liens over cash or cash equivalent collateral up to $50,000,000 pledged by any Credit Party to counterparties in respect of Hedging Liabilities.

provided, however, that the foregoing list of Permitted Liens is not intended to, and shall not be construed as, subordinating or postponing, or as an agreement to subordinate or postpone, any Lien by any of the Documents to any such Permitted Lien.

(137) **Person** means any natural person, sole proprietorship, partnership, syndicate, trust, joint venture, Governmental Authority or any incorporated or unincorporated entity or association of any nature.

(138) **Pooled Mortgages** means CMHC Insured Mortgages, Canada Guaranty Insured Mortgages, Genworth Insured Mortgages and Conventional First Mortgages originated for the purpose of sale to Approved Purchasers as part of prearranged and presold mortgage pools pursuant to binding prearranged presale agreements with Approved Purchasers and **Pooled Mortgage** means any of them.

(139) **Preferred Claims** means, at any time, in respect of any assets of any Credit Party, all claims secured by a Lien created by, or arising under any statute or regulation or arising under common law without the consent of any Credit Party (in contrast with Liens voluntarily granted) which rank, or are capable of ranking, prior to or *pari passu* with the Liens created by the Security Documents against or over such assets, whether then existing or, in the Agent's judgment acting reasonably, likely to arise, including claims for unremitted rents, Taxes, wages, employee deductions, workers' compensation obligations, government royalties or pension fund obligations.

(140) **Prime Loan** means an Advance which is denominated in Canadian Dollars and in respect of which the Borrower is obligated to pay interest in accordance with Section 4.1(1).

(141) **Prime Rate** means, with respect to a Prime Loan, on any day the greater of:

(a) the annual rate of interest announced from time to time by Agent as being its reference rate then in effect on such day for determining interest rates on Canadian Dollar denominated commercial loans made by it in Canada; and

(b) the CDOR Rate for 1 month B/As in effect from time to time plus 100 basis points per annum.

Any change in the Prime Rate shall be effective on the date the change becomes effective generally.

(142) **Rateable Portion**, with respect to a Lender, means

(a) with respect to Tranche I or Tranche II, the fraction of the Total Tranche I Commitment or the Total Tranche II Commitment represented by that Lender's Tranche I Commitment or Tranche II Commitment, respectively;

(b) with respect to the Credit Facilities as a whole, the fraction of the Total Commitment represented by that Lender's Commitment; and

(c) with respect to Tranche I or Tranche II or the Credit Facilities as a whole after the Total Commitment has terminated, the fraction of all Tranche I Advances or Tranche II Advances or Advances under the Credit Facilities as a whole, respectively, owing to that Lender.

(143) **Related Parties** means, with respect to any Person, such Person's Affiliates and the directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

(144) **Release** means the method by which a Contaminant comes to be in the environment at large and includes discharging, spraying, injection, abandonment, depositing, spilling, leaking, seeping, pouring, emitting, emptying, throwing, dumping, placing and exhausting, and when used as a noun has a correlative meaning.

(145) **Requisite Disruption Lenders** has the meaning given to it in Section 4.11.

(146) **Reserves** means, in respect of Pooled Mortgages, Inventory Mortgages, or Eligible Bridge/Mezzanine Mortgage Loans, at any time, the aggregate of all reserves or other provisions taken in accordance with GAAP for impairment in respect of such assets.

(147) **Residential Real Property** means real property located in Canada that is a single family home, multiple family home, nursing home, retirement home, apartment building or other residential rental property.

(148) **Reuters Screen CDOR Page** means the display designated as page CDOR on the Reuters Monitor Money Rates Service or other page as may, from time to time, replace that page on that service for the purpose of displaying bid quotations for bankers' acceptances accepted by leading Canadian banks.

(149) **Rollover** means the rollover of an Advance by way of Bankers' Acceptance for an additional Contract Period under Section 3.7(8).

(150) **Rollover Date** means the Business Day on which a Rollover occurs.

(151) **Royal Bank** means Royal Bank of Canada, a Canadian chartered bank, and its successors and assigns.

(152) **Schedule I Lender** means any Lender named on Schedule I to the *Bank Act* (Canada).

(153) **Schedule II/III Lender** means any Lender named on Schedule II or Schedule III to the *Bank Act* (Canada), as applicable.

(154) **Schedule I Reference Banks** means at least one but no more than two banks named on Schedule I to the *Bank Act* (Canada) as agreed by the Agent and the Borrower.

(155) **Schedule II/III Reference Banks** means at least one but no more than two banks named on Schedule II or Schedule III to the *Bank Act* (Canada) as agreed by the Agent and the Borrower.

(156) **Schedules** means the schedules attached to and forming part of this Agreement, as particularized in Section 1.15.

(157) **Second Amended and Restated Credit Agreement** has the meaning given to it in Recital B.

(158) **Second Amended and Restated Lenders** has the meaning given to it in Recital B.

(159) **Securitization Interest Spread** means the value, calculated in accordance with GAAP, of the difference between the aggregate interest due or owing or to become due or owing not more than one year after the date of determination in respect of Securitized Mortgages less the aggregate interest payable or to become payable not more than one year after the date of determination in respect of notes or other Debt payable in respect of Securitized Mortgages, but excluding amounts which (i) have been subordinated or postponed to the interests of any other Persons, (ii) are subject to holdbacks, contra accounts or rights of set-off, (iii) are bad or doubtful accounts or (iv) the Agent has advised to be ineligible.

(160) **Securitized Mortgages** means mortgages which have been securitized pursuant to the NHA – MBS program, the Canada Mortgage Bonds Program, commercial paper conduits issuing or funded by notes rated R-1 by DBRS or having an equivalent rating by another recognized rating agency and mortgages securitized by institutional investors where the Limited Partnership has retained the risk and reward of mortgage ownership, excluding in each case any such

mortgages (i) where any amounts owing from the applicable mortgagor are in default, or (ii) due from any Affiliate.

(161) **Security Documents** means the Documents creating Liens on the assets of any Credit Party or any other Person in favour of the Agent on behalf of the Lenders, and all other instruments, agreements and documents which have been or may hereafter from time to time be executed in connection therewith, including the Documents set out in Section 7.1.

(162) **Single Family Dwelling Secured Notes** means retail bridge loans in respect of sales of single family dwellings located in Canada secured by mortgages and charges of real property or other security satisfactory to the Limited Partnership, meeting the Limited Partnership's established and customary due diligence for loans of such nature, which are not Pooled Mortgages or Inventory Mortgages.

(163) **Subordinated Debt** means Debt which has been formally postponed to the Obligations and assigned to the Agent on behalf of the Lenders on terms satisfactory to the Majority Lenders; provided that for the purpose of calculating the financial covenants in Section 9.3 only, Subordinated Debt shall not include the intercompany Debt owing by the Limited Partnership to the Borrower in connection with the issuance of the Debentures by the Borrower and the subsequent lending of the proceeds of such issuance by the Borrower to the Limited Partnership.

(164) **Subsidiary** of a Person means (a) any corporation of which the Person and/or any one of its Affiliates holds, directly or beneficially, other than by way of security only, securities to which are attached more than 50% of the votes that may be cast to elect directors of such corporation, (b) any corporation of which the Person and/or any one of its Affiliates has, through operation of law or otherwise, the ability to elect or cause the election of a majority of the directors of such corporation and (c) any partnership, limited liability company or joint venture in which such Person and/or one or more Subsidiaries of such Person shall have, directly or indirectly, more than 50% of the votes that may be cast to elect the governing body of such entity.

(165) **Sufficient Copies** means, in respect of documents required to be delivered under this Agreement, the number of copies of each document equal to the number of Lenders plus the Agent at the time the document is delivered, unless the Borrower is otherwise notified by the Agent.

(166) **Swing Line Account** has the meaning given to it in Section 3.8(1).

(167) **Swing Line Commitment** means, with respect to the Swing Line Lender, the principal amount set out opposite its name under the heading Swing Line Commitment in Schedule 1.1(42), as such amount may be reduced or cancelled in accordance with this Agreement.

(168) **Swing Line Lender** means Royal in its capacity as Lender under the Swing Line Loan, or such other bank as the Borrower and the Agent may agree.

(169) **Swing Line Loan** means a Tranche I Advance made under this Agreement in accordance with Section 3.8(1).

(170) **Tangible Net Worth** means, at any time, the sum of (i) Equity and (ii) Subordinated Debt, less the aggregate of (i) advances to security holders or employees, (ii) investments in Affiliates (other than Subsidiaries), (iii) goodwill, and (iv) all other assets normally regarded as intangible under GAAP.

(171) **Taxes** means all present and future taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other charges of any nature imposed by any Governmental Authority (including income, capital (including large corporations), withholding, consumption, sales, use, transfer, goods and services or other value-added, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment, health, education, business, school, property, local improvement, development, education development and occupation taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and charges) together with all fines, interest, penalties on or in respect of, or in lieu of or for non-collection of, those taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other charges.

(172) **Third Amended and Restated Credit Agreement** has the meaning given to it in Recital C.

(173) **Third Amended and Restated Lenders** has the meaning given to it in Recital C.

(174) **Total Commitment** means the sum of the Total Tranche I Commitment and the Total Tranche II Commitment.

(175) **Total Tranche I Commitment** means Cdn$272,500,000, as such amount may be reduced or cancelled in accordance with this Agreement or increased in accordance with Section 3.6.

(176) **Total Tranche II Commitment** means Cdn$272,500,000, as such amount may be reduced or cancelled in accordance with the Agreement or increased in accordance with Section 3.6.

(177) **Tranche I** means the credit facility established by the Lenders under Section 3.1(1).

(178) **Tranche I Advance** means an Advance under Tranche I.

(179) **Tranche I Borrowing Base** means, at any time of determination, the lesser of:

(a) the Total Tranche I Commitment, and

(b) the Unmargined Advance Amount plus the aggregate of the following, without duplication, calculated in respect of assets owned, legally and beneficially, by the Limited Partnership and FNFC Held Assets, of the classes set forth below, excluding NHA – MBS Repurchase Collateral for the period during which any related NHA-MBS Repurchase Loan has not been irrevocably and indefeasibly paid in full and cancelled, over which the Lien of the Security Documents shall rank as a valid and effective security interest, subject only to Permitted Liens, less the sum of the Debentures Reserve plus the Hedging Reserve plus the amount of Preferred Claims affecting any such assets (in each case, to the extent such Debentures Reserve, Hedging Reserve and Preferred Claims are not deducted in the calculation of the Tranche II Borrowing Base):

(i) 100% of the principal amount of Pooled Mortgages, excluding Pooled Mortgages held in excess of 90 days from the Origination Date, less Deposits and Reserves with respect thereto;

(ii) 100% of the principal amount of Inventory Mortgages, excluding Inventory Mortgages held in excess of 60 days from the Origination Date, less Deposits and Reserves with respect thereto;

(iii) 75% of the amount of Good Accounts Receivable;

(iv) 60% of the amount of the Securitization Interest Spread;

(v) 75% of the Deferred Placement Fees Receivables;

(vi) 90% of the principal amount of Single Family Dwelling Secured Notes, excluding Single Family Dwelling Secured Notes held in excess of 60 days from the Origination Date, less Deposits and Reserves with respect thereto; and

(vii) the lesser of:

(A) Cdn$60,000,000, and

(B) with respect to Eligible Bridge/Mezzanine Mortgage Loans, the aggregate of the Applicable Percentage multiplied by, in each case, the lesser of the following, less Deposits and Reserves with respect thereto:

(I) the principal amount of such Eligible Bridge/Mezzanine Mortgage Loan;

(II) 80% of the Appraised Value of the mortgaged property subject to such Eligible Bridge/Mezzanine Mortgage Loan less the principal amount of any mortgage or charge ranking as a prior charge on such mortgaged property; and

(III) Cdn$4,000,000;

where **Applicable Percentage** means 75% or, in the case of Eligible Bridge/Mezzanine Mortgage Loans having any principal, interest or other amounts in arrears thereunder for (a) more than 90 days and less than or equal to 180 days after the due date, 50%, and (b) more than 180 days after the due date, 0%.

For greater certainty, (i) no asset included in any class of assets for the purpose of calculating the Tranche I Borrowing Base or Tranche II Borrowing Base shall be included with any other class of assets, and (ii) no Pooled Mortgages or Inventory Mortgages included in the Tranche I Borrowing Base shall be included in the Tranche II Borrowing Base.

(180) **Tranche I Commitment** means, with respect to any Lender, the principal amount set out opposite that Lender's name under the heading "Tranche I Commitment" in Schedule 1.1(42), as such amount may be reduced or cancelled in accordance with this Agreement or increased in accordance with Section 3.6.

(181) **Tranche I Commitment Fee** has the meaning given to it in Section 4.4(1)(a).

(182) **Tranche I Commitment Fee Payment Date** has the meaning given to it in Section 4.4(1)(a).

(183) **Tranche I Lender** means any Lender with a Tranche I Commitment or, at any time when the Tranche I Commitments have terminated, any Lender from whom outstanding Tranche I Advances have been made available.

(184) **Tranche II** means the credit facility established by the Lenders under Section 3.1(2).

(185) **Tranche II Advance** means an Advance under Tranche II.

(186) **Tranche II Borrowing Base** means, at any time of determination, the lesser of:

(a) the Total Tranche II Commitment, and

(b) the aggregate of the following, without duplication, calculated in respect of assets owned, legally and beneficially, by the Limited Partnership and FNFC Held Assets, of the classes set forth below, excluding NHA – MBS Repurchase Collateral for the period during which any related NHA-MBS Repurchase Loan has not been irrevocably and indefeasibly paid in full and cancelled, over which the Lien of the Security Documents shall rank as a valid and effective security interest, subject only to Permitted Liens, less the sum of the Hedging Reserve plus the Debentures Reserve plus the amount of Preferred Claims affecting any such assets (in each case, to the extent such Debentures Reserve, Hedging Reserve and Preferred Claims are not deducted in the calculation of the Tranche I Borrowing Base):

(i) 100% of the principal amount of Pooled Mortgages (other than Pooled Mortgages that are Conventional First Mortgages), excluding such Pooled Mortgages held in excess of 180 days from the Origination Date, less Deposits and Reserves with respect thereto; and

(ii) 100% of the principal amount of Inventory Mortgages (other than Inventory Mortgages that are Conventional First Mortgages), excluding such Inventory Mortgages held in excess of 120 days from the Origination Date, less Deposits and Reserves with respect thereto.

For greater certainty, (i) no asset included in any class of assets for the purpose of calculating the Tranche I Borrowing Base or Tranche II Borrowing Base shall be included with any other class of assets, and (ii) no Pooled Mortgages or Inventory Mortgages included in the Tranche II Borrowing Base shall be included in the Tranche I Borrowing Base.

(187) **Tranche II Commitment** means, with respect to any Lender, the principal amount set out opposite that Lender's name under the heading "Tranche II Commitment" in Schedule 1.1(42), as such amount may be reduced or cancelled in accordance with this Agreement or increased in accordance with Section 3.6.

(188) **Tranche II Commitment Fee** has the meaning given to it in Section 4.4(2)(a).

(189) **Tranche II Commitment Fee Payment Date** has the meaning given to it in Section 4.4(2)(a).

(190) **Tranche II Lender** means any Lender with a Tranche II Commitment or, at any time when the Tranche II Commitments have terminated, any Lender from whom outstanding Tranche II Advances have been made available.

(191) **Trust Indenture** means that certain trust indenture dated as of May 7, 2010 among First National Financial Income Fund (as predecessor to the Borrower), as issuer, Computershare Trust Company of Canada, as trustee, and the Limited Partnership, the General Partner and First National Asset Management Inc., as guarantors, as amended by the first supplemental trust indenture made as of January 1, 2011, as further amended, restated, supplemented, modified, replaced, extended, renewed or refinanced from time to time in accordance with the terms of the Intercreditor Agreement.

(192) **Trustee** shall have the meaning given to it in the Intercreditor Agreement.

(193) **Unmargined Advance Amount** means $10,000,000.

(194) **Uncollateralized Net Hedging Liabilities** means with respect to any Credit Party, the Net Hedging Liabilities owing by such Credit Party less any cash or cash equivalent collateral held therefor.

(195) **Written or in writing** includes printing, typewriting, or any electronic means of communication capable of being legibly reproduced at the point of reception.

Section 1.2 Business Day

If under this Agreement any payment or calculation is to be made, or any other action is to be taken, on or as of a day which is not a Business Day, that payment or calculation is to be made, and that other action is to be taken, as applicable, on or as of the next day that is a Business Day.

Section 1.3 Conflict

If there is a conflict between any provision of this Agreement and any provision of another document contemplated by or delivered under or in connection with this Agreement, the relevant provision of this Agreement is to prevail.

Section 1.4 Currency

Unless otherwise specified, all amounts are stated in Canadian dollars.

Section 1.5 Time

Time shall be of the essence in all provisions of this Agreement.

Section 1.6 GAAP

Unless otherwise expressly provided, all accounting terms used in this Agreement shall be interpreted and all financial information shall be prepared in accordance with GAAP, consistently applied.

Section 1.7 Headings and Table of Contents

The division of this Agreement into sections, the insertion of headings and the provision of a table of contents are for convenience of reference only and are not to affect the construction or interpretation of this Agreement.

Section 1.8 Number and Gender

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders.

Section 1.9 References

Unless otherwise specified, references in this Agreement to Sections and Schedules are to sections of, and schedules to, this Agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof. Any reference to this Agreement, any Security Document or any other Document refers to this Agreement, Security Document or other Document as may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented.

Section 1.10 Statutory References

Unless otherwise specified, each reference to an enactment is deemed to be a reference to that enactment, and to the regulations made under that enactment, as amended or re-enacted from time to time.

Section 1.11 Time of Day

Unless otherwise specified, references to time of day or date mean the local time or date in the City of Toronto, Province of Ontario.

Section 1.12 Governing Law

This Agreement and, unless otherwise specified therein, each of the Documents are governed by, and are to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario, but without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of any Credit Party may be found.

Section 1.13 Entire Agreement

This Agreement and all Documents constitute the entire agreement between the parties with respect to the subject matter and supersede all prior agreements, negotiations, discussions, undertakings, representations, warranties and understandings, whether written or oral.

Section 1.14 Severability

If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect:

(1) the legality, validity or enforceability of the remaining provisions of this Agreement; or

(2) the legality, validity or enforceability of that provision in any other jurisdiction.

Section 1.15 Schedules

The following Schedules are attached to and form part of this Agreement:

Schedule 1.1(17) – Assignment and Assumption

Schedule 1.1(21) – Bankers' Acceptance

Schedule 1.1(25) – Borrowing Base Certificate

Schedule 1.1(26) – Branches of Account

Schedule 1.1(42) – Commitments

Schedule 1.1(44) – Compliance Certificate

Schedule 1.1(62) – Discount Note

Schedule 1.1(136) – Permitted Liens

Schedule 2.1(10) – Locations of Assets; Chief Executive Office

Schedule 2.1(16) – Canadian Benefit and Pension Plans

Schedule 2.1(20) – Corporate Organization Chart

Schedule 3.4(1) – Notice of Requested Advance

Schedule 3.5 – Notice of Repayment

Schedule 3.6 – Commitment Increase

Schedule 3.7(8) – Notice of Rollover of Bankers' Acceptances

Schedule 3.9 – Conversion Option Notice

Schedule 5.3 – Request for Extension of Maturity Date

Schedule 5.5 – Notice of Cancellation of Credit Facilities

ARTICLE 2– REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties

Each Credit Party makes the following representations and warranties to the Agent and each Lender, all of which shall survive the execution and delivery of this Agreement:

(1) **Existence, Power and Qualification.** Each of the Credit Parties (a) is a trust, corporation or limited partnership duly incorporated or otherwise formed, as the case may be, organized and validly existing under the laws of its jurisdiction of incorporation or formation, (b) is up to date in all material respects in all filings required under those laws, (c) has the requisite trust, corporate or partnership power and authority, as the case may be, to own, operate and lease its properties and assets and to conduct the businesses in which it is presently engaged, and (d) except where failure to be so qualified would not have a Material Adverse Effect, is duly qualified under the laws of each jurisdiction where its ownership, lease or operation of properties or assets or the conduct of its business requires qualification.

(2) **Power and Authority.** The execution, delivery and performance by the Credit Parties of this Agreement, the Security Documents and the other Documents (a) are within its powers, (b) have been duly authorized by all necessary or proper trust, corporate, shareholder, partnership or other action, (c) do not conflict with, result in a breach or violation of, or constitute a default under, its constating documents, any unanimous shareholders' agreement, any declaration of trust, any partnership agreement or, in any material respect, any Applicable Law or other document to which it is a party or by which it is bound, (d) do not conflict with or result in the breach or termination of, constitute a default under, or accelerate any performance required by any Material Contract, and (e) do not and will not result in the creation of any Lien, except as set out in the Security Documents, upon any of its assets or properties under any agreement or other document.

(3) **Authorization, Execution, Delivery and Binding Effect.** Each of this Agreement, the Security Documents and the other Documents executed by any Credit Party has been or will be duly authorized, executed and delivered and constitutes or will constitute a legal, valid and binding obligation of such Credit Party, enforceable in accordance with its terms, subject to (a) applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, (b) the fact that specific performance and injunctive relief may only be given at the discretion of the courts, and (c) the equitable or statutory powers of the courts to stay proceedings before them and to stay the execution of judgments.

(4) **No Approvals Required.** (a) Each of the Credit Parties has obtained all Governmental Approvals which are necessary for the conduct of its business as presently conducted, except where failure to so obtain any such approvals would not have a Material Adverse Effect, each of which approvals is in full force and effect, is a good, valid and subsisting approval which has not been surrendered, forfeited or become void or voidable, (b) there is no default under any Governmental Approval, nor are there any proceedings in progress, pending or threatened which may result in the revocation, suspension or material adverse modification of the Governmental Approval, in each case which would have a Material Adverse Effect, and (c) no further registration, order, permit, filing, consent, authorization, licence, decree or approval of, from or with any Person (including any Governmental Authority) is necessary in order to ensure the legality, validity, binding effect and enforceability of this Agreement, the Security Documents, or any other Document or the execution, delivery or performance of the Obligations.

(5) **Financial Statements.** The consolidated audited financial statements of the Borrower which incorporates the financial results of both the Borrower and the Limited Partnership for the fiscal year ended December 31, 2011, copies of which have been furnished to the Agent, were prepared in accordance with GAAP applied on a basis consistent with preceding periods, except as stated therein or in the notes, and those financial statements fairly represent the financial condition of the Borrower as at their date.

(6) **Material Adverse Change.** Since the date of the financial statements referred to in Section 2.1(5), except as otherwise disclosed to the Agent in writing, there has been no Material Adverse Change with respect to any Credit Party and there has been no change in the financial condition or the results of operations of any Credit Party that could have a Material Adverse Effect.

(7) **Contingent Liabilities and Debt.** Other than with respect to the Obligations, none of the Credit Parties has any contingent liabilities which are not disclosed on or referred to in the most recent financial statements furnished to the Agent by any of the Credit Parties or otherwise disclosed to the Agent in writing which would have a Material Adverse Effect, nor have any of the Credit Parties incurred any Debt which would have a Material Adverse Effect which is not disclosed on or reflected in those financial statements or otherwise disclosed to the Agent in writing, other than Debt incurred by any of them or credit extended to any of them in the ordinary course of business.

(8) **Title to Assets and Liens.** Each Credit Party has good and marketable title to all of its properties and assets free and clear of any Liens, other than Permitted Liens.

(9) **Security Documents.** The Security Documents create or will create valid and enforceable Liens upon the Collateral on the terms set out therein, subject only to the terms of this Agreement and to Permitted Liens, and the Security Documents have been or will be registered or recorded in all places where registration or recording is necessary to perfect and protect the charges and security interests created therein.

(10) **Location of Assets, Places of Business.** The locations of each Credit Party's tangible and intangible property and assets, places of business, registered and chief executive offices, and all "securities accounts" and "futures accounts" (as each such term in quotations are defined in the *Securities Transfer Act* (Ontario), as amended from time to time) are set out in Schedule 2.1(10).

(11) **No Default or Event of Default.** There exists no Default or Event of Default.

(12) **Compliance.** Each Credit Party is in compliance with its constating documents and is in compliance in all material respects with all Applicable Laws, including health, safety and employment standards, labour codes and Environmental Laws.

(13) **Litigation.** Other than as reported in the most recent audited annual financial statements of the Credit Parties, no litigation, investigation or proceeding of or before any Governmental Authority, arbitrator, court or administrative agency is pending or, to its knowledge, threatened against any of the Credit Parties or against any of their respective properties, assets or revenues, including the Collateral, which, if determined adversely against any of them, would expose any of them to present or future liability in excess of $1,000,000.

(14) **Full Disclosure.** Neither the financial statements referred to in Section 2.1(5), nor any other statement furnished by any of the Credit Parties or on its behalf to the Agent in connection with this Agreement, contains any untrue statement of a material fact or omits a material fact necessary to make those statements not misleading, and all those statements, taken as a whole, do not contain any untrue statement of a material fact or omit a material fact necessary to make the statements not misleading. All expressions of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after due and careful inquiry by the Credit Parties and any other Person who furnished the statements. There is no fact or circumstance known to the Credit Parties, which the Credit Parties have not disclosed to the Agent in writing which has had or could have, in any Credit Party's view, a Material Adverse Effect.

(15) **Tax Returns.** Each of the Credit Parties has filed or caused to be filed all tax returns which are required to have been filed, and has paid all Taxes shown to be due and payable on those returns or on any assessments made against it and all other Taxes, fees or other charges imposed on it by any Governmental Authority, other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings being diligently pursued, and with respect to which adequate reserves in conformity with GAAP have been provided in its books and of which the details have been provided to the Agent. No Liens for Taxes have been filed and, to its knowledge, no claims are being asserted with respect to any Taxes.

(16) **Canadian Pension and Benefit Plans**. All Canadian Pension Plans (if any) and Canadian Benefit Plans (if any) to which any Credit Party is a party are described in Schedule 2.1(16). The Canadian Pension Plans (if any) are duly registered under the ITA and all other Applicable Laws which require registration and all obligations of the Credit Parties (including fiduciary, funding, investment, administration and reporting obligations) required to be performed by them in connection with any Canadian Pension Plans or Canadian Benefit Plans and the funding agreements therefor have been performed.

(17) **Labour Matters.** There are no strikes or other labour disputes against any of the Credit Parties that are pending or, to the best knowledge of any Credit Party, threatened. All payment due from the Credit Parties on account of employee insurance of every kind and vacation pay have been paid or accrued as a liability on the books of the Credit Parties. None of the Credit Parties is a party to any collective agreement. None of the Credit Parties has any obligations under any consulting or management agreement requiring payments which cannot be cancelled without material liability. Each of the Credit Parties is in material compliance with the terms and conditions of all consulting agreements, management agreements and employment agreements, if any.

(18) **Material Contracts.** Each of the Material Contracts existing on June 15, 2006 has been validly assigned by the Borrower to the Limited Partnership or is otherwise subject to an arrangement pursuant to which the Limited Partnership has the benefit of such Material Contract.

(19) **Insurance.** Each of the Credit Parties maintains insurance in compliance with Section 9.1(2) and all premiums and other sums of money payable for that purpose have been paid.

(20) **Organization.** The organization chart set out in Schedule 2.1(20) is a complete and accurate representation of each of the Credit Parties including, without limitation, the full legal name, ownership (showing number and classes of securities and percentage ownership), date and jurisdiction of incorporation, amalgamation or formation, as applicable, and particulars and dates of all amendments, for each of the Credit Parties.

(21) **Environmental Activity.** The Credit Parties do not engage in any Environmental Activity other than in the ordinary course of business as an originator and holder of mortgages and, to the best knowledge of the Credit Parties, no Contaminants are stored in or present in any form in or under any premises or lands owned or leased by the Credit Parties.

(22) **Trade-marks, Patents, etc.** Each of the Credit Parties possesses all patents, industrial designs, trade-marks, trade secrets, know-how, environmental technology, biotechnology, confidential information, trade-names, goodwill, copyrights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively, the "**Intellectual Property**"), necessary for the conduct of its business as now conducted. To the best knowledge of the Credit Parties, none of the Credit Parties is infringing in any material respect on the rights of any person with respect to any Intellectual Property and none of the Credit Parties knows of any fact which is likely to result in the successful assertion against any Credit Party of a claim for such an infringement.

Section 2.2 Deemed Repetition

The representations and warranties made in Section 2.1 shall (a) continue in effect until payment and performance of all the Obligations, and (b) be deemed to be repeated on each Drawdown Date, Rollover Date and Conversion Date, *mutatis mutandis,* as if made on that date; provided that the Credit Parties may update the disclosure with respect to the representations and warranties in Section 2.1(10), Section 2.1(13) and Section 2.1(20) at the relevant time.

ARTICLE 3 – THE CREDIT FACILITIES

Section 3.1 Establishment of Credit Facilities

Subject to the terms and conditions of this Agreement, the Lenders hereby establish in favour of the Borrower the following credit facilities (the "**Credit Facilities**"):

(1) **Tranche I.** A term committed revolving credit facility in the amount of the Total Tranche I Commitment to be made available by each Tranche I Lender up to the amount of its Tranche I Commitment by way of Prime Loans or Bankers' Acceptances until the Maturity Date. Subject to the terms and conditions of this Agreement, the Borrower may increase or reduce the amount of Tranche I Advances outstanding at any time by borrowing, repaying and reborrowing Prime Loans or causing the acceptance, and funding the repayment at maturity, of Bankers' Acceptances from time to time, provided that at no time may the aggregate outstanding Tranche I Advances exceed the Tranche I Borrowing Base.

Tranche I includes a swing line sub-facility whereby Swing Line Loans will be made available by the Swing Line Lender up to the amount of the Swing Line Commitment as a sub-limit of its Tranche I Commitment, subject to the terms and conditions of this Agreement.

(2) **Tranche II.** A term committed revolving credit facility in the amount of the Total Tranche II Commitment to be made available by each Tranche II Lender up to the amount of its Tranche II Commitment by way of Prime Loans or Bankers' Acceptances until the Maturity Date. Subject to the terms and conditions of this Agreement, the Borrower may increase or reduce the amount of Tranche II Advances outstanding at any time by borrowing, repaying and reborrowing Prime Loans or causing the acceptance, and funding the repayment at maturity, of Bankers' Acceptances from time to time, provided that at no time may the aggregate outstanding Tranche II Advances exceed the Tranche II Borrowing Base. Tranche II must be paid down in full to zero at least once during every six month period until the Maturity Date.

Section 3.2 Obligations of the Lenders and the Agent

(1) **Rateable Portion.** Subject to the provisions of this Agreement, each Tranche I Lender agrees to make available its Rateable Portion of each Tranche I Advance (or Rollover or Conversion thereof) to the Borrower and each Tranche II Lender agrees to make available its Rateable Portion of each Tranche II Advance (or Rollover or Conversion thereof) to the Borrower. No Lender shall be responsible for a Commitment of any other Lender. The failure of a Lender to make available an Advance (or Rollover or Conversion thereof) in accordance with its obligations under this Agreement shall not release any other Lender from its obligations.

Notwithstanding anything to the contrary in this Agreement, no Lender shall be obligated to make Advances available to the Borrower in excess of its Commitment or to make Tranche I Advances or Tranche II Advances available to the Borrower in excess of its Tranche I Commitment or Tranche II Commitment, respectively. Additionally, for greater certainty, the Swing Line Lender shall only include its Rateable Portion of outstanding Swing Line Loans when determining if it has made Tranche I Advances in excess of its Tranche I Commitment.

(2) **Separate Obligation.** The obligation of each Tranche I Lender to make its Tranche I Commitment available to the Borrower is a separate obligation between such Tranche I Lender and the Borrower, and that obligation is not the several or joint and several obligation of any other Lender. The obligation of each Tranche II Lender to make its Tranche II Commitment available to the Borrower is a separate obligation between such Tranche II Lender and the Borrower, and that obligation is not the several or joint and several obligation of any other Lender.

Section 3.3 Purpose

(1) The proceeds of Tranche I shall be used to finance the general operating requirements of the Borrower including, for greater certainty, and without limiting the generality of the foregoing, to make Permitted Distributions.

(2) The proceeds of Tranche II shall be used to provide interim financing to assist with the acquisition or origination of Pooled Mortgages and Inventory Mortgages (other than Conventional First Mortgages).

Section 3.4 Borrowing Procedures – General

(1) **Notice of Borrowing and Minimum Advances.** With the exception of Tranche I Advances made by way of Swing Line Loans pursuant to Section 3.8(1), all Advances require notice. To request an Advance, the Borrower shall give to the Agent written notice substantially in the form attached as Schedule 3.4(1), indicating the amount of the requested Advance, at or before the time set out below opposite the type of Advance that the Borrower wishes to request. Each such Advance shall be in the minimum aggregate amounts and applicable multiples specified below:

Type of Advance	Time of Notice	Minimum Advance
Advances by way of Prime Loans	Before 10:00 a.m. 1 Business Day(s) prior to the Drawdown Date.	Minimum aggregate amount of Cdn$5,000,000 or whole multiples of Cdn$100,000 in excess thereof.
Advances by way of Bankers' Acceptances	Before 10:00 a.m. 2 Business Day(s) prior to the Drawdown Date.	Minimum aggregate amount of Cdn$5,000,000 or whole multiples of Cdn$100,000 in excess thereof.

Each notice given in respect of an Advance by way of Prime Loan shall indicate the amount of the required Advance and the date funds are required. Each notice given in respect of an Advance by way of Bankers' Acceptances shall indicate the amount of the Bankers' Acceptances to be issued and the applicable Contract Period of the Bankers' Acceptances (which shall be identical for each Lender).

(2) **Limits on Advances.** Notwithstanding any other term of this Agreement, the Borrower shall not request from the Agent an Advance if, on the day notice of the Advance is given pursuant to Section 3.4(1), after giving effect to the Advance:

(a) the principal amount of all Advances outstanding from any Lender would exceed the Commitment of such Lender; or

(b) the principal amount of all Tranche I Advances or Tranche II Advances outstanding from any Lender would exceed the Tranche I Commitment or Tranche II Commitment, respectively, of such Lender; or

(c) the principal amount of all Tranche I Advances or Tranche II Advances outstanding from any Lender would exceed the Tranche I Borrowing Base or the Tranche II Borrowing Base, respectively.

No Advance shall have a term that extends beyond the Maturity Date.

(3) **Agent Determination.** Each determination by the Agent of the Prime Rate or the Discount Rate shall, in the absence of manifest error, be final, conclusive and binding on the Borrower and the Lenders.

Section 3.5 Repayment Procedures – General

(1) **Notice of Repayment and Minimum Repayments**. With the exception of the repayment of Tranche I Advances by way of Swing Line Loans pursuant to Section 3.8(1), all repayments require notice. To make a repayment, the Borrower shall give to the Agent written notice substantially in the form attached hereto as Schedule 3.5, indicating its desire to make a repayment and the amount of the repayment, at or before the time set out below opposite the type of Advance that the Borrower wishes to repay. Each such repayment shall be in the minimum aggregate amounts and applicable multiples specified below:

Type of Advance	Notice and Minimum Amount	Limits
Advances by way of Prime Loans	Before 10:00 a.m. 1 Business Day(s) prior to the date of repayment.	Minimum aggregate amount of Cdn$5,000,000 or whole multiples of Cdn$100,000 in excess thereof.

Advances by way of Bankers' Acceptances	Before 10:00 a.m. 2 Business Day(s) prior to the date of repayment.	Minimum aggregate amount of Cdn$5,000,000 or whole multiples of Cdn$100,000 in excess thereof.

(2) **Limits**. Repayments may be made, in whole or in part, without penalty, provided that if Bankers' Acceptances are repaid at any time other than the end of the Contract Period applicable thereto, the Borrower shall be required to deposit the amount of such repayment in a cash-collateral account with the Agent until the end of the Contract Period. The cash-collateral account shall be under the sole control of the Agent. At the sole discretion of the Agent, funds received as cash collateral may be deposited in an interest-bearing short-term account at the Agent's usual deposit rate for similar amounts in such currency. Except as contemplated by this Section 3.5, neither the Borrower nor any Person claiming on behalf of the Borrower shall have any right to any of the cash in the cash-collateral account. The Agent shall apply the cash held in the cash-collateral account to the face amount of those Bankers' Acceptances at maturity upon the expiry of the applicable Contract Period whereupon any cash remaining in the cash-collateral account shall be released by the Agent to the Borrower. Any repayment shall be paid to the Agent and distributed among the Lenders in accordance with their respective Rateable Portions and applied in payment of advances in inverse order of maturity.

Section 3.6 Commitment Increase

(1) **Commitment Increase**. At any time prior to the Maturity Date, but not more frequently than twice annually, the Borrower may, by notice in writing to the Agent (an "**Increase Notice**"), request that the Total Commitment be increased to an amount not exceeding Cdn$600,000,000 (whether by way of an increase in the Tranche I Commitment and/or the Tranche II Commitment) (the "**Commitment Increase**"); provided that:

(a) no Default or Event of Default shall have occurred and be continuing at the time of any such Commitment Increase;

(b) the Agent and Swingline Lender shall have consented, acting reasonably, to the identity and allocation of any New Lender (as defined below) or to the allocation to any existing Lender resulting in an increased Commitment to such Lender in excess of its Rateable Portion immediately prior to the effectiveness of any Commitment Increase; and

(c) the Credit Parties shall have delivered to the Agent:

(i) a certificate of an officer of each of the Credit Parties effective as of the date of the Commitment Increase executed by an appropriate officer of the applicable Credit Party, confirming and certifying (A) the accuracy of the statement in Section 3.6(1)(a), (B) the resolutions of the Credit Parties and all other authorizations necessary to authorize the Commitment Increase in the manner contemplated herein and the execution, delivery and performance by the Credit Parties of all Documents required to give effect to same and the transactions contemplated thereby, and (C) no Governmental Approvals or other consents, approvals or authorizations of any other Person are required for the Commitment Increase (except as have been unconditionally obtained and are in full force and effect); and

(ii) such Documents as the Agent may reasonably require to give effect to the Commitment Increase together with a legal opinion of counsel for the Credit Parties satisfactory to the Agent with respect to any Documents executed in connection any Commitment Increase.

(2) **Notice to Lenders.** The Agent will promptly advise the Lenders in writing of the receipt by it of an Increase Notice. Within fifteen (15) Business Days of the receipt by it of written notice from the Agent of an Increase Notice, each Lender shall advise the Agent in writing as to whether or not it intends to participate in the Commitment Increase on a rateable basis. If such written advice is not received by the Agent from a Lender within such fifteen (15) Business Day period, then such Lender will be deemed not to have agreed to participate in the Commitment Increase. In the event that not all of the Lenders agree to participate in the Commitment Increase, the Agent shall promptly advise those Lenders who agreed to participate in the Commitment Increase (the **"Participating Lenders"**) in writing and each Participating Lender shall advise the Agent as to whether or not it will further participate on a rateable basis in the Commitment Increase within three (3) Business Days of receipt of such written advice from the Agent. If such written advice is not received by the Agent from a Participating Lender within such three (3) Business Day period, then such Participating Lender will be deemed not to have agreed to further participate in such Commitment Increase. In the event that there is still a shortfall in the participations, further notices will again be given on a *mutatis mutandis* basis until the Commitment Increase has been fully participated or no Lenders remain who will further participate in the same. To the extent that the Lenders do not agree to participate in the Commitment Increase or to the full amount thereof, the Borrower may arrange for the Commitment Increase or any shortfall to be provided by one or more banks or Approved Funds or other Persons, in each case acceptable to the Agent, acting reasonably, (the **"New Lenders"**), each of which New Lenders must agree to become a Lender and to be bound by all the terms and conditions of this Agreement as a Lender.

(3) **Increase Notice.** The Increase Notice shall be substantially in the form of Schedule 3.6.

(4) **Adjustments**. Notwithstanding any adjustments made to the amounts of the Commitment of any Lender, there shall not be any adjustments made or indemnifications given in respect of any BAs outstanding at the time of the Commitment Increase, provided that no Lender shall be obliged at any time to make Tranche I Advances in excess of its Tranche I Commitment or Tranche II Advances in excess of its Tranche II Commitment at any time.

(5) **New Schedule.** Upon completion of the Commitment Increase, the Agent shall promptly deliver to the Borrower and the Lenders a replacement Schedule 1.1(42) setting out the Commitments of all the Lenders after giving effect to the Commitment Increase and such revised

Schedule 1.1(42) shall replace the existing Schedule 1.1(42) and thereafter be and be deemed to be Schedule 1.1(42) for all purposes of this Agreement.

Section 3.7 Bankers' Acceptances

(1) **Term**. Each Bankers' Acceptance shall have a Contract Period of 1, 2, 3 or 6 months (or such other periods as the Agent and Borrower may agree from time to time), subject to availability. No Contract Period shall extend beyond the Maturity Date.

(2) **Discount Rate**. On each Drawdown Date, Rollover Date or Conversion Date on which Bankers' Acceptances are to be accepted, the Agent shall advise the Borrower as to the Agent's determination of the applicable Discount Rate for the Bankers' Acceptances to be accepted.

(3) **Purchase**. Upon acceptance of a Bankers' Acceptance by a Lender, such Lender shall purchase, or arrange the purchase of, such Bankers' Acceptance at the applicable Discount Rate. The Lender shall provide to the Agent's Account for Payments the Discount Proceeds less the Acceptance Fee payable by the Borrower with respect to the Bankers' Acceptance.

(4) **Sale**. Each Lender may from time to time hold, sell, rediscount or otherwise dispose of any or all Bankers' Acceptances accepted and purchased by it.

(5) **Power of Attorney for the Execution of Bankers' Acceptances**. To facilitate availment of the Advances by way of B/As, the Borrower hereby appoints each Lender as its attorney to sign and endorse on its behalf, in handwriting or by facsimile or mechanical signature as and when deemed necessary by such Lender, blank forms of B/As. In this respect, it is each Lender's responsibility to maintain an adequate supply of blank forms of B/As for acceptance under this Agreement. The Borrower recognizes and agrees that all B/As signed and/or endorsed on its behalf by a Lender shall bind the Borrower as fully and effectually as if signed in the handwriting of and duly issued by the proper signing officers of the Borrower. Each Lender is hereby authorized to issue such B/As endorsed in blank in such face amounts as may be determined by such Lender; provided that the aggregate amount thereof is equal to the aggregate amount of B/As required to be accepted and purchased by such Lender. No Lender shall be liable for any damage, loss or other claim arising by reason of any loss or improper use of any such instrument except the gross negligence or wilful misconduct of the Lender or its officers, employees, agents or representatives. Each Lender shall maintain a record with respect to B/As held by it in blank hereunder, voided by it for any reason, accepted and purchased by it hereunder, and cancelled at their respective maturities. Each Lender agrees to provide such records to the Borrower at the Borrower's expense upon request.

(6) **Execution**. Drafts drawn by the Borrower to be accepted as Bankers' Acceptances shall be signed by a duly authorized officer or officers of the Borrower or by its attorneys. Notwithstanding that any Person whose signature appears on any Bankers' Acceptance may no longer be an authorized signatory for the Borrower at the time of issuance of a Bankers' Acceptance, that signature shall nevertheless be valid and sufficient for all purposes as if the authority had remained in force at the time of issuance and any Bankers' Acceptance so signed shall be binding on the Borrower.

(7) **Issuance.** The Agent, promptly following receipt of a notice of Advance, Rollover or Conversion by way of Bankers' Acceptances, shall advise the Lenders of the notice and shall advise each Lender of the face amount of Bankers' Acceptances to be accepted by it and the applicable Contract Period (which shall be identical for all Lenders). The aggregate face amount of Bankers' Acceptances to be accepted by a Lender shall be determined by the Agent by reference to that Lender's Rateable Portion of the issue of Bankers' Acceptances, except that, if the face amount of a Bankers' Acceptance which would otherwise be accepted by a Lender would not be Cdn$100,000, or a whole multiple thereof, the face amount shall be increased or reduced by the Agent in its sole discretion to Cdn$100,000, or the nearest whole multiple of that amount, as appropriate; provided that after such issuance, no Lender shall have aggregate outstanding Advances in excess of its Commitment or aggregate outstanding Tranche I Advances or Tranche II Advances in excess of its Tranche I Commitment or Tranche II Commitment, as applicable.

(8) **Rollover.** At or before 10:00 a.m. 2 Business Day before the maturity date of any Bankers' Acceptances, the Borrower shall give to the Agent written notice substantially in the form attached as Schedule 3.7(8) if the Borrower intends to issue Bankers' Acceptances on the maturity date to provide for the payment of the maturing Bankers' Acceptances. If the Borrower fails to provide such notice to the Agent or fails to repay the maturing Bankers' Acceptances, or if a Default or an Event of Default has occurred and is continuing on such maturity date, the Borrower's obligations in respect of the maturing Bankers' Acceptances shall be deemed to have been converted on the maturity date thereof into a Prime Loan, in an amount equal to the aggregate face amount of the maturing Bankers' Acceptances.

(9) **Waiver of Presentment and Other Conditions.** The Borrower waives presentment for payment and any other defence to payment of any amounts due to a Lender in respect of a Bankers' Acceptance accepted and purchased by it pursuant to this Agreement which might exist solely by reason of the Bankers' Acceptance being held, at the maturity thereof, by the Lender in its own right and the Borrower agrees not to claim any days of grace if the Lender as holder sues the Borrower on the Bankers' Acceptance for payment of the amount payable by the Borrower thereunder. On the specified maturity date of a B/A, the Borrower shall pay to the Lender that has accepted such B/A the full face amount of such B/A and after such payment, the Borrower shall have no further liability in respect of such B/A and such Lender shall be entitled to all benefits of, and be responsible for all payments due to third parties under, such B/A.

(10) **Circumstances Making Bankers' Acceptances Unavailable.** If the Agent determines in good faith, which determination shall be final, conclusive and binding upon the Borrower, and notifies the Borrower that, by reason of circumstances affecting the money market there is no market for Bankers' Acceptances or the demand for Bankers' Acceptances is insufficient to allow the sale or trading of the Bankers' Acceptances created hereunder, then:

(a) the right of the Borrower to request an Advance by means of Bankers' Acceptances shall be suspended until the Agent determines that the circumstances causing such suspension no longer exist and the Agent so notifies the Borrower; and

(b) any notice of Advance or Rollover in respect of a Bankers' Acceptance which is outstanding shall be cancelled and any outstanding notice of Conversion to convert a Prime Loan into a Bankers' Acceptance shall be cancelled and the request for an Advance or Rollover by means of Bankers' Acceptance shall be deemed to be a request for an Advance of, or Rollover to, a Prime Loan in the face amount of the requested Bankers' Acceptance.

The Agent shall promptly notify the Borrower of the suspension of the Borrower's right to request an Advance by means of Bankers' Acceptances and of the termination of any such suspension.

(11) **BA Equivalent Loans by Non BA Lenders**. Whenever the Borrower requests an Advance under this Agreement by way of Bankers' Acceptances, each Non BA Lender shall, in lieu of accepting a Bankers' Acceptance, make a BA Equivalent Loan in an amount equal to the Non BA Lender's Rateable Portion of the Advance.

(12) **Terms Applicable to Discount Notes**. As set out in the definition of **Bankers' Acceptances**, that term includes Discount Notes and all terms of this Agreement applicable to Bankers' Acceptances shall apply equally to Discount Notes evidencing BA Equivalent Loans with such changes as may in the context be necessary. For greater certainty:

(a) the term of a Discount Note shall be the same as the Contract Period for Bankers' Acceptances accepted and purchased on the same Drawdown Date in respect of the same Advance;

(b) an acceptance fee will be payable in respect of a Discount Note and shall be calculated at the same rate and in the same manner as the Acceptance Fee in respect of a Bankers' Acceptance; and

(c) the Discount Rate applicable to a Discount Note shall be the Discount Rate applicable to Bankers' Acceptances accepted by a Lender other than a Schedule I Bank on the same Drawdown Date, Rollover Date or Conversion Date, as the case may be, in respect of the same Advance.

(13) **Depository Bills and Notes Act.** At the option of any Lender, Bankers' Acceptances under this Agreement to be accepted by that Lender may be issued in the form of depository bills for deposit with The Canadian Depository for Securities Limited pursuant to the *Depository Bills and Notes Act* (Canada). All depository bills so issued shall be governed by the provisions of this Section 3.6.

Section 3.8 Swing Line Loans

(1) **Swing Line Account.** The Swing Line Lender has established at its Branch of Account an account for the Borrower which is referred to as a **Swing Line Account**. The Swing Line Account shall record the day to day banking business of the Borrower with the Swing Line Lender other than under this Agreement. If, at the end of any Business Day, the balance in the Swing Line Account:

(a) is a credit in excess of $100,000, the Swing Line Lender may apply the amount of such excess or any part thereof rounded down to the nearest $100,000, as a repayment of Tranche I Advances owing on account of Swing Line Loans; or

(b) is a debit, the Swing Line Lender shall, if there is sufficient availability under the Total Tranche I Commitment and its Tranche I Commitment and Swing Line Commitment, make available a Tranche I Advance (a "**Swing Line Loan**") by way of Prime Loan in an amount rounded up to the nearest $100,000 as is required to place the Borrower in a minimum net credit position of zero.

(2) **Tranche I Advances.** Tranche I Advances by the Swing Line Lender outstanding under this Section 3.8 are limited to the amount of the Swing Line Commitment; provided that, at no time may the outstanding Tranche I Advances, including outstanding Swing Line Loans, exceed the Tranche I Borrowing Base. On the last Business Day of each week or more frequently as the Agent may request, the Agent shall notify the other Tranche I Lenders of the requirement for a Tranche I Advance by way of Prime Loan to be made available by each of them in an amount as nearly equal to that Tranche I Lender's Rateable Portion of the Swing Line Loans outstanding under this Section 3.8 as is possible under the limitations regarding amount set out in Section 3.4; provided that the Agent shall not be required to request a Tranche I Advance from the Lenders at any time when the amount of the outstanding Swing Line Loans is less than $10,000,000 or for amounts other than multiples of $100,000 in excess thereof. The proceeds of that Tranche I Advance shall be deposited by the Agent to the Swing Line Account to be applied against the Swing Line Loans outstanding under this Section 3.8.

(3) **Indemnity.** Each Tranche I Lender agrees to indemnify the Swing Line Lender (to the extent not reimbursed by the Borrower), rateably according to its Rateable Portion from and against any and all losses and claims of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Swing Line Lender in any way relating to or arising out of any Swing Line Loan made under this Section 3.8, provided that no Lender shall be liable for any portion of such losses or claims resulting from the Swing Line Lender's gross negligence or wilful misconduct.

(4) **Participation**. The Swing Line Lender irrevocably agrees to grant and hereby grants to each of the Lenders, and to induce the Swing Line Lender to make Swing Line Loans available hereunder, each of the Lenders irrevocably agrees to accept and purchase and hereby accepts and purchases from the Swing Line Lender, on the terms and conditions hereinafter stated, for each such Lender's own account and risk, an undivided interest equal to such Lender's Rateable Portion of the Swing Line Lender's obligations and rights under and in respect of each Tranche I Advance by way of a Swing Line Loan made by the Swing Line Lender under this Agreement. Each Tranche I Lender unconditionally and irrevocably agrees with the Swing Line Lender that, if a Swing Line Loan is not repaid in full by the Borrower in accordance with the terms of this Agreement, such Tranche I Lender shall pay to the Swing Line Lender, through the Agent, upon demand an amount equal to such Tranche I Lender's Rateable Portion of the amount of such Swing Line Loan or any portion thereof which is not so repaid by the Borrower.

Section 3.9 Conversion Option

Subject to this Agreement, the Borrower may, during the term of this Agreement, effective on any Business Day, convert, in whole or in part, a Tranche I Advance or Tranche II Advance, as applicable, outstanding by way of Prime Loan into a Tranche I Advance or Tranche II Advance, as applicable, by way of Bankers' Acceptances, and *vice versa*, upon giving written notice to the Agent in substantially the form attached hereto as Schedule 3.9, the notice period being that which would be applicable to the type of Advance into which the outstanding Advance is to be converted as specified in Section 3.4(1). Conversions under this Section 3.9 may only be made provided that:

(a) each conversion to an Advance shall be for minimum aggregate amounts and whole multiples in excess thereof as are specified in respect of that type of Advance in Section 3.4(1);

(b) an Advance by way of Bankers' Acceptance may be converted only on the last day of the relevant Contract Period; if less than all Tranche I Advances or Tranche II Advances by way of Bankers' Acceptances are converted, after the conversion not less than Cdn$2,000,000 shall remain as Tranche I Advances or Tranche II Advances by way of Bankers' Acceptances, as the case may be;

(c) no Tranche I Advance may be converted into a Tranche II Advance or *vice versa*; and

(d) no Default or Event of Default shall have occurred and be continuing on the relevant Conversion Date or after giving effect to the conversion of the Advance to be made on the Conversion Date.

Section 3.10 Conversion and Rollover Not Repayment

No Conversion or Rollover shall constitute a repayment of any Advance or a new Advance.

Section 3.11 Determination Final

With respect to all matters referred to in this Article 3, the determination by the Agent shall be final, conclusive and binding on the Borrower and the Lenders, absent manifest error.

Section 3.12 Reliance on Oral Instructions

The Agent and any Lender shall be entitled to act upon the oral instructions of any Person who the Agent or the Lender, acting reasonably, believes is a Person authorized by the Borrower to act on the Borrower's behalf. Neither the Agent nor any Lender shall be responsible for any error or omission in those instructions or in the performance thereof except in the case of gross negligence or wilful misconduct by the Agent, the Lender or their respective employees. Any instructions so given shall be confirmed in writing by the Borrower to the Agent or the Lender, as applicable, on the same day. The Borrower shall indemnify the Agent and each Lender for any loss or expense suffered or incurred by the Agent or Lender as a consequence of the Agent or Lender acting upon instructions given or agreements made over the telephone or by electronic transmission of any type with Persons reasonably believed by the Agent or Lender to have been acting on the Borrower's behalf.

Section 3.13 Deposit of Proceeds of Prime Loans and Discount Proceeds

The Agent shall credit to the Borrower's Account on the applicable Drawdown Date (a) the proceeds of each Advance made by way of Prime Loans (with the exception of Tranche I Advances made available by the Swing Line Lender pursuant to Section 3.8(1)) and (b) the Discount Proceeds less the applicable Acceptance Fee with respect to each Bankers' Acceptance purchased and each BA Equivalent Loan advanced by a Lender on that Drawdown Date.

Section 3.14 Evidence of Obligations

The Agent shall open and maintain at its Branch of Account, accounts and records evidencing the Obligations of the Borrower to each Lender with respect to Advances made available by that Lender. The Agent shall record in those accounts by appropriate entries all amounts on account of those Obligations and all payments on account thereof. Those accounts and records will constitute, in the absence of manifest error, *prima facie* evidence of those Obligations from time to time, the date each Advance was made and the amounts that the Borrower has paid from time to time on account of those Obligations.

Section 3.15 Existing Credit Agreement and Existing Advances

Until this Agreement becomes effective in accordance with the terms hereof, the Fifth Amended and Restated Credit Agreement shall remain in full force and effect and shall not be affected hereby. All Advances (including, for greater certainty and without limitation, Tranche I Advances and Tranche II Advances) and Commitments (including, for greater certainty and without limitation, Tranche I Commitments and Tranche II Commitments) outstanding under and as defined in the Fifth Amended and Restated Credit Agreement are terminated in full on the Closing Date and the Agent shall have received, for the account of the Lenders entitled thereto, payment from the Limited Partnership of all such Advances outstanding under and as defined in the Fifth Amended and Restated Credit Agreement as of the Closing Date, together with accrued and unpaid interest and Commitment Fees (including, for greater certainty and without limitation, Tranche I Commitment Fee and Tranche II Commitment Fee, all as defined in the Fifth Amended and Restated Credit Agreement) on such Advances as of the Closing Date. The Fifth Amended and Restated Lenders each waive the requirement to provide 5 Business Days of cancellation in accordance with Section 5.5 of the Fifth Amended and Restated Credit Agreement.

ARTICLE 4 – INTEREST, FEES AND EXPENSES

Section 4.1 Interest on Prime Loans

(1) **Rate.** The Borrower shall pay to the Agent, on behalf of the Lenders, and, in the case of Swing Line Loans, to the Swing Line Lender for its own account, interest on Prime Loans at a rate per annum equal to the Prime Rate plus the Applicable Margin. Interest payable to the Agent shall be paid to the Agent at the Agent's Account for Payments. Interest payable to the Swing Line Lender shall be paid to the Swing Line Lender at its Branch of Account.

(2) **Change in Rate.** Each change in the fluctuating interest rate applicable to each Prime Loan will take place simultaneously with the corresponding change in the Prime Rate without the necessity for any notice to the Borrower.

(3) **Calculation.** Interest on Prime Loans shall be payable monthly in arrears on every Interest Payment Date, for the period from and including, as the case may be, the Drawdown Date, the Conversion Date or the first day of the immediately preceding month to and including the last day of the immediately preceding month, and on the Maturity Date, for the period from and including, as the case may be, the Drawdown Date, the Conversion Date or the first day of the month in which the Maturity Date occurs to but excluding the Maturity Date. Interest shall be calculated on a daily basis on the principal amount of the Prime Loans remaining unpaid on the basis of the actual number of days elapsed in a year of 365 days.

Section 4.2 Fees on Bankers' Acceptances

Upon acceptance of a Bankers' Acceptance by a Lender, the Borrower shall pay to the Agent, on behalf of the Lender, a fee (the "**Acceptance Fee**") calculated in advance on the face amount of the Bankers' Acceptance at a rate per annum equal to the Applicable Margin on the basis of the number of days in the Contract Period including the last day in the Contract Period for the Bankers' Acceptance and a year of 365 days.

Section 4.3 Pricing Matrix

The Applicable Margin (each expressed in basis points) with respect to Prime Loans, Acceptance Fees, Tranche I Commitment Fee and Tranche II Commitment Fee shall be selected from the following matrix as set forth in the applicable column:

<u>Tranche I</u>

	Applicable Margin		
DBRS Rating	Tranche I Commitment Fee (bps)	Prime Loans (bps)	Acceptance Fees (bps)
≥ A (low)	[redacted]	[redacted]	[redacted]
BBB (high)	[redacted]	[redacted]	[redacted]
BBB	[redacted]	[redacted]	[redacted]
BBB (low)	[redacted]	[redacted]	[redacted]
< BBB (low)	[redacted]	[redacted]	[redacted]

<u>Tranche II</u>

	Applicable Margin		
DBRS Rating	Tranche II Commitment Fee (bps)	Prime Loans (bps)	Acceptance Fees (bps)
≥ A (low)	[redacted]	[redacted]	[redacted]
BBB (high)	[redacted]	[redacted]	[redacted]
BBB	[redacted]	[redacted]	[redacted]
BBB (low)	[redacted]	[redacted]	[redacted]
< BBB (low)	[redacted]	[redacted]	[redacted]

The Applicable Margin shall be selected from the above matrix, based upon the DBRS Rating of the Borrower. In the event that at any time a DBRS Rating is not available, then the highest Applicable Margin shall be used. Changes in the Applicable Margin shall be effective on the date of the change in the Borrower's DBRS Rating resulting in such change; provided that no adjustment shall be made in respect of the Acceptance Fees for any outstanding BAs at such date. The Borrower shall notify the Agent promptly in writing of any change in the Borrower's DBRS Rating.

Section 4.4 Commitment Fees

(1) **Tranche I Commitment Fee.**

(a) **Fee.** On the first Business Day following the end of each Fiscal Quarter in each year during the term of the Credit Facilities (from the Closing Date to the Maturity Date) and on the Maturity Date and on the termination of the Total Tranche I Commitment (each a "**Tranche I Commitment Fee Payment Date**"), the Borrower shall pay in arrears to the Agent at the Agent's Account for Payments, for the account of the Tranche I Lenders, a non-refundable commitment fee in Canadian Dollars (the "**Tranche I Commitment Fee**") calculated on the amount of the uncancelled and unutilized portion of the Total Tranche I Commitment at a rate per annum equal to the Applicable Margin for the Tranche I Commitment Fee. For the purposes of calculating the Tranche I Commitment Fee, any amounts outstanding in respect of Swing Line Loans shall not be considered Tranche I Advances.

(b) **Calculation**. The Tranche I Commitment Fee shall be calculated and payable for the period from and including the Closing Date or the immediately preceding Tranche I Commitment Fee Payment Date, as the case may be, to but excluding the applicable Tranche I Commitment Fee Payment Date, and shall be calculated on a daily basis on the uncancelled and unutilized portion of the Total Tranche I Commitment in effect from time to time on the basis of the actual number of days elapsed and a year of 365 days or 366 days, as applicable. Each Tranche I Lender shall be entitled to its Rateable Portion of each Tranche I Commitment Fee.

(2) **Tranche II Commitment Fee.**

(a) **Fee.** On the first Business Day following the end of each Fiscal Quarter in each year during the term of the Credit Facilities (from the Closing Date to the Maturity Date) and on the Maturity Date and on the termination of the Total Tranche II Commitment (each a "**Tranche II Commitment Fee Payment Date**"), the Borrower shall pay in arrears to the Agent at the Agent's Account for Payments, for the account of the Tranche II Lenders, a non-refundable commitment fee in Canadian Dollars (the "**Tranche II Commitment Fee**") calculated on the amount of the uncancelled and unutilized portion of the Total Tranche II Commitment at a rate per annum equal to the Applicable Margin for the Tranche II Commitment Fee.

(b) **Calculation**. The Tranche II Commitment Fee shall be calculated and payable for the period from and including the Closing Date or the immediately preceding Tranche II Commitment Fee Payment Date, as the case may be, to but excluding the applicable Tranche II Commitment Fee Payment Date, and shall be calculated on a daily basis on the uncancelled and unutilized portion of the Total Tranche II Commitment in effect from time to time on the basis of the actual number of days elapsed and a year of 365 days or 366 days, as applicable. Each Tranche II Lender shall be entitled to its Rateable Portion of each Tranche II Commitment Fee.

Section 4.5 Interest on Overdue Amounts

The Borrower shall pay to the Agent on behalf of the Lenders interest on overdue amounts both before and after demand, default and judgment at a rate per annum equal to the same rate as is applicable to the amount overdue plus 2% per annum, if principal or interest, and in the case of any other overdue amount at a rate per annum equal to the Prime Rate plus 2% per annum, in each case calculated on a daily basis on the actual number of days elapsed in a 365 day year, as applicable, computed from the date the amount becomes due for so long as the amount remains overdue. Interest shall be payable upon demand made by the Agent and shall be compounded on each Interest Payment Date.

Section 4.6 Interest Act

For purposes of the *Interest Act* (Canada), where in this Agreement a rate of interest is to be calculated on the basis of a year of 365 days, the yearly rate of interest to which the rate is equivalent is the rate multiplied by the number of days in the year for which the calculation is made and divided by 365.

Section 4.7 Limit on Rate of Interest

(1) **Adjustment.** If any provision of this Agreement or any of the other Documents would obligate the Borrower to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by that Lender of interest at a criminal rate (as construed under the *Criminal Code* (Canada)), then notwithstanding that provision, that amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in a receipt by that Lender of interest at a criminal rate, the adjustment to be effected, to the extent necessary, as follows:

(a) firstly, by reducing the amount or rate of interest required to be paid to the affected Lender under this Article 4; and

(b) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the affected Lender which would constitute interest for purposes of Section 347 of the *Criminal Code* (Canada).

(2) **Reimbursement.** Notwithstanding Section 4.7(1), and after giving effect to all adjustments contemplated thereby, if any Lender shall have received an amount in excess of the maximum permitted by the *Criminal Code* (Canada), then the Borrower shall be entitled, by notice in writing to the affected Lender, to obtain reimbursement from that Lender in an amount

equal to the excess, and pending reimbursement, the amount of the excess shall be deemed to be an amount payable by that Lender to the Borrower.

(3) **Actuarial Principles.** Any amount or rate of interest referred to in this Section 4.7 shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that any Advance remains outstanding on the assumption that any charges, fees or expenses that fall within the meaning of **interest** (as defined in the *Criminal Code* (Canada)) shall, if they relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the period from the Closing Date to the Maturity Date and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Agent shall be conclusive for the purposes of that determination.

Section 4.8 Change in Circumstances

(1) **Reduction in Rate of Return.** If at any time any Lender determines, acting reasonably, that any change in any Applicable Law or any interpretation thereof after the date of this Agreement, or compliance by the Lender with any direction, requirement, guidelines or policies or request from any regulatory authority given after the date of this Agreement, whether or not having the force of law, has or would have, as a consequence of a Lender's obligation under this Agreement, and taking into consideration the Lender's policies with respect to capital adequacy, the effect of reducing the rate of return on the Lender's capital to a level below that which the Lender would have achieved but for the change or compliance, then from time to time, upon demand of the Lender, the Borrower shall pay the Lender such additional amounts as will compensate the Lender for the reduction.

(2) **Taxes, Reserves, Capital Adequacy, etc.** If, after the date of this Agreement, the introduction of any Applicable Law or any change or introduction of a change in any Applicable Law (whether or not having the force of law) or in the interpretation or application thereof by any court or by any Governmental Authority, central bank or other authority or entity charged with the administration thereof, or any change in the compliance of any Lender therewith now or hereafter:

(a) subjects any Lender to, or causes the withdrawal or termination of a previously granted exemption with respect to, any Tax or changes the basis of taxation, or increases any existing Tax, on payments of principal, interest, fees or other amounts payable by the Borrower to the Lender under or by virtue of this Agreement (except for Excluded Taxes);

(b) imposes, modifies or deems applicable any reserve, special deposit, deposit insurance or similar requirement against assets held by, or deposits in or for the account of, or loans by or any other acquisition of funds by, an office of any Lender in respect of any Advance or any other condition with respect to this Agreement;

(c) imposes on a Lender or expects there to be maintained by a Lender any additional capital in respect of the Credit Facilities; or

(d) imposes any Tax on reserves or deemed reserves with respect to the undrawn portion of the Commitment of any Lender;

and the result of any of the foregoing, in the sole determination of the Lender acting reasonably, shall be to increase the cost to, or reduce the amount received or receivable by the Lender or its effective rate of return in respect of making, maintaining or funding an Advance hereunder, the Lender shall, acting reasonably, determine that amount of money which shall compensate the Lender for the increase in cost or reduction in income.

(3) **Payment of Additional Compensation.** Upon a Lender having determined that it is entitled to compensation in accordance with the provisions of this Section 4.8 ("**Additional Compensation**"), the Lender shall promptly so notify the Borrower and the Agent and shall provide to the Borrower and the Agent a photocopy of the relevant Applicable Law or request, as applicable, a certificate of an officer of the Lender setting forth the Additional Compensation and the basis of calculation thereof, which shall be conclusive evidence of the Additional Compensation in the absence of manifest error. The Borrower shall pay to the Lender within 30 Business Days of the giving of notice the Additional Compensation for the account of the Lender accruing from the date of the notification. The Lender shall be entitled to be paid Additional Compensation from time to time to the extent that the provisions of this Section 4.8 are then applicable notwithstanding that the Lender has previously been paid Additional Compensation.

(4) **Commercially Reasonable.** If it is commercially reasonable in the opinion of a Lender receiving Additional Compensation under this Section 4.8, the Lender shall make reasonable efforts to limit the incidence of that Additional Compensation, including seeking recovery for the account of the Borrower following the Borrower's request and at the Borrower's expense, if the Lender, in its sole determination, would suffer no appreciable economic, legal, regulatory or other disadvantage as a result.

(5) **Mitigation.** A Lender claiming Additional Compensation under this Section 4.8 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and without any obligation to reorganize its affairs) to designate a different lending office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender. If a Lender is not able to obviate its requirement for compensation that has accrued or may thereafter accrue under this Section 4.8 by designating a different lending office, the Borrower shall have the right to obligate the Lender, at the Borrower's expense, to assign all, but not less than all, of its rights and obligations under this Agreement and the other Documents to an Eligible Assignee identified by the Borrower and acceptable to the Agent, such assignment to be made in compliance with Article 13 and all other terms of this Agreement, if such assignment would allow the Borrower to avoid having to pay such amounts, provided that such assignment results in the assigning Lender being paid an amount equal to all amounts owing hereunder by the Borrower to such Lender at that time including breakage costs and any outstanding B/As issued by such Lender are fully cash collateralized. No claim for Additional Compensation may be made by a Lender under this Section 4.8 unless such Lender is claiming compensation generally from customers against whom it is entitled to make such a claim by reason of the circumstances giving rise to such claim

for Additional Compensation. No claim for Additional Compensation may be made by a Lender under this Section 4.8 in respect of any period more than 6 months prior to the date the Lender first determines that it is entitled to make a claim for Additional Compensation.

Section 4.9 Payment of Portion

Notwithstanding any other term or condition of this Agreement, if a Lender gives the notice provided for in Section 4.8(3) with respect to any Advance (an "**Affected Borrowing**"), the Borrower may, at its option, upon 30 Business Days notice to that Lender (which notice shall be irrevocable), repay to the Lender in full the Affected Borrowing outstanding together with accrued and unpaid interest on the principal amount so repaid up to the date of repayment, together with such Additional Compensation as may be applicable to the date of payment.

Section 4.10 Illegality

If any Applicable Law, or any change therein or in the interpretation or application thereof by any court or by any Governmental Authority or central bank or comparable agency or any other entity charged with the interpretation or administration thereof, or compliance by any Lender with any request or direction (whether or not having the force of law) of any Governmental Authority, central bank or comparable agency or other entity, now or hereafter makes it unlawful or impossible for the Lender to make, fund or maintain an Advance or to perform its obligations under or by virtue of this Agreement, the Lender may, by written notice thereof to the Borrower and the Agent, terminate its obligations to make further Advances under this Agreement, and the Borrower, if required by the Lender, shall repay forthwith (or at the end of such longer period as the Lender in its discretion has agreed) the principal amount of the Advance together with accrued interest without penalty or bonus (and in the case of Bankers' Acceptances, the face amount thereof) and such Additional Compensation as may be applicable to the date of payment and all other outstanding Obligations to the Lender. If any change shall only affect a portion of any Lender's obligations under this Agreement which is, in the opinion of the Lender, severable from the remainder of this Agreement so that the remainder of this Agreement may be continued in full force and effect without otherwise affecting any of the obligations of the Lender or the Borrower under this Agreement, the Lender shall only declare its obligations under that portion so terminated.

Section 4.11 Market Disruption

If a Market Disruption Event occurs at any time for Lenders whose Commitments aggregate at least 40% of the Total Commitment (the "**Requisite Disruption Lenders**") in relation to a Prime Loan or Bankers' Acceptance for any period, then the rate of interest or discount rate, as applicable, on such Prime Loan or Bankers' Acceptance for such period (which, in any event, will not commence prior to the date the Borrower is notified in writing of such Market Disruption Event) for such Requisite Disruption Lenders shall be the rate per annum which is the sum of:

(a) the Applicable Margin for such Prime Loan or Bankers' Acceptance for such period; plus

(b) the Market Disruption CDOR Rate, in effect on the first date of the Contract Period in the case of a Bankers' Acceptance, and in effect from time to time during the applicable period in the case of a Prime Loan (such rate to be adjusted automatically during the applicable period with each quoted or established change in such rate, if applicable, all without the necessity of any notice to the Borrower).

If a Market Disruption Event occurs with respect to Requisite Disruption Lenders and such Requisite Disruption Lenders, the Agent or Borrower so requires, such Requisite Disruption Lenders, the Borrower and the Agent, each acting reasonably, shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing on a substitute basis for determining the rate of interest applicable in respect of such Requisite Disruption Lenders. Any alternative basis agreed pursuant to this Section 4.11 for such Requisite Disruption Lenders shall be binding on all parties, it being agreed that such alternative basis shall apply only to the Requisite Disruption Lenders. If a Market Disruption Event occurs with respect to Requisite Disruption Lenders at any time, the Borrower may request that any notice of Advance by way of, or Rollover of, Bankers' Acceptance which is outstanding be deemed to be a request for an Advance of, or Conversion to, a Prime Loan and that any notice of Conversion to convert a Prime Loan into a Bankers' Acceptance which is outstanding be cancelled.

Section 4.12 Indemnity

The Borrower shall indemnify the Agent and each Lender and their respective directors, officers, employees, attorneys and agents (each, an "**Indemnified Person**") against all suits, actions, proceedings, claims, losses (other than loss of profits), expenses (including reasonable fees, charges and disbursements of counsel), damages and liabilities including liabilities arising under Environmental Laws (each, a "**Claim**") that the Agent, the Swing Line Lender or Lender may sustain or incur as a consequence of (a) any default by the Borrower under this Agreement or any other Document, or (b) any misrepresentation by the Borrower contained in any writing delivered to the Agent or any Lender in connection with this Agreement, or (c) the use of proceeds of the Credit Facilities by the Borrower if other than as permitted hereunder, or (d) the operations of the Borrower, except that no Indemnified Person will be indemnified for any Claim to the extent resulting from (a) its own gross negligence, fraud or wilful misconduct, or (b) the default by such Indemnified Person (or its related Lender) of its obligations under this Agreement.

ARTICLE 5 – REDUCTION AND REPAYMENT

Section 5.1 Term and Maturity

The term of the Credit Facilities shall end on the Maturity Date.

Section 5.2 Repayment

All Advances and other amounts outstanding under the Credit Facilities including principal, interest and fees shall be paid, all outstanding Bankers' Acceptances shall be cash collateralized or replaced in a manner satisfactory to the Agent and the Credit Facilities shall be cancelled, on the Maturity Date.

Section 5.3 Extension of Maturity Date

The Borrower may, during the period between 90 and 60 days prior to the Maturity Date, so long as no Default then exists, request an extension of the Maturity Date of the Credit Facilities for an additional 364 day period by giving to the Agent a written request substantially in the form of Schedule 5.3. No later than 30 days after such request, the Agent, subject to the consent of the Majority Lenders, may extend the Maturity Date of the Credit Facilities for an additional 364 day period (the last day of such additional period being herein the **"Extended Maturity Date"**) from and after the date the consent is given. The consent of any Lender to an extension shall be at the sole discretion of such Lender. The Extended Maturity Date shall be binding upon only those Lenders which have provided their consent to the extension and the extension terms, including interest rates, margins and fees (including extension fees), shall be subject to confirmation at the time of each extension in accordance with this Section 5.3. Any Lender not consenting to an extension shall, at the option of the Borrower:

(a) be replaced by one or more Eligible Assignees identified by the Borrower and acceptable to the Agent, the assignment(s) to which Eligible Assignee(s) shall have been made in accordance with Article 13; or

(b) have any amount not assumed by an Eligible Assignee repaid by the Borrower on the Maturity Date (before giving effect to the extension).

Section 5.4 Mandatory Repayment

(1) If a "Change of Control Triggering Event" (as defined in the Trust Indenture) occurs, the Borrower shall, at the option of the Majority Lenders and without limitation of any other rights or remedies of the Agent and Lenders with respect to any Default or Event of Default that may then be continuing, be required to:

(a) permanently reduce the Total Commitment (with the reduction to be applied between the Total Tranche I Commitment and the Total Trance II Commitment as determined by the Majority Lenders); and

(b) prepay the principal amount of the outstanding Advances on the Change of Control Payment Date (as defined in the Trust Indenture), subject to the right to reborrow in accordance with the terms of this Agreement;

in each case by a percentage equal to the percentage of the then outstanding principal amount of the Debentures which are repurchased pursuant to the Change of Control Offer (as defined in the Trust Indenture) with such reduction in Total Commitment pursuant to Section 5.4(1)(a) and prepayment of the principal amount of the outstanding Advances pursuant to Section 5.4(1)(b), if any, to occur on the Change of Control Payment Date (as defined in the Trust Indenture).

(2) If, at any time, for any reason, the aggregate principal amount of all outstanding Advances under the Credit Facilities shall exceed the Total Commitment or the principal amount of all outstanding Tranche I Advances or Tranche II Advances shall exceed the Tranche I Borrowing Base or the Tranche II Borrowing Base, respectively, (the amount of any such excess being referred to herein as an "**Excess Amount**") then within 3 Business Days of written notice from the Agent, the Borrower shall, at its option:

(a) forthwith repay Prime Loans and/or fund any Lender's obligations with respect to outstanding Bankers' Acceptances in an amount equal to or greater than the Excess Amount; or

(b) provide cash collateral or such other security as the Agent may require in an amount equal to or greater than the Excess Amount, which cash collateral shall remain in the Agent's possession until the Excess Amount is reduced to zero whereupon the cash collateral shall be released by the Agent to the Borrower.

Notwithstanding any other provision of this Agreement, including any provision contemplating a Rollover or Conversion, whenever there is an Excess Amount, upon the maturity of any Banker's Acceptance, the Borrower shall repay the Banker's Acceptance and any such repayment shall be applied in reduction of the Excess Amount.

Section 5.5 Cancellation

The Borrower may at any time cancel undrawn amounts of the Credit Facilities without premium or penalty, in minimum amounts of $5,000,000 and in multiples of $1,000,000, subject to giving the Agent 5 Business Days prior written notice substantially in the form attached as Schedule 5.5. Amounts cancelled will not be reinstated and the Commitments and Total Commitment will be reduced accordingly.

ARTICLE 6 – PAYMENTS AND TAXES

Section 6.1 Payments Generally

All amounts owing in respect of the Credit Facilities, whether on account of principal, interest or fees or otherwise, shall be paid in the currency in which the Advance is outstanding. Each payment under this Agreement shall be made for value on the day the payment is due, provided that if that day is not a Business Day, the payment shall be due on the Business Day next following the day, unless the Business Day next following the day is in the next following month, in which event the payment shall be made on the immediately preceding Business Day. All interest and other fees shall continue to accrue until payment has been received by the Agent. Each payment shall be made, and each payment made hereunder shall be credited for same day value if received, at the Agent's Account for Payments at or before 1:00 p.m. on the day the payment is due. Receipt by the Agent from the Borrower of funds under this Agreement, as principal, interest, fees or otherwise, shall be deemed to be receipt of those funds by the Lenders.

Section 6.2 Taxes

(1) **Payments.** All payments to be made by or on behalf of the Borrower under or with respect to this Agreement are to be made free and clear of and without deduction or withholding for, or on account of, any present or future Taxes, unless such deduction or withholding is required by Applicable Law. If the Borrower is required to deduct or withhold any Taxes from any amount payable to the Agent or any Lender (a) the amount payable shall be increased as may be necessary so that, after making all required deductions or withholdings (including deductions and withholdings applicable to, and taking into account all Taxes on, or arising by reason of the payment of, additional amounts under this Section 6.2(1)), the Agent or the Lender, as the case may be, receives and retains an amount equal to the amount that it would have received had no such deductions or withholdings been required, (b) the Borrower shall make such deductions or withholdings, and (c) the Borrower shall remit the full amount deducted or withheld to the relevant taxing authority in accordance with Applicable Laws. Notwithstanding the foregoing, the Borrower shall not be required to pay additional amounts in respect of Excluded Taxes. As of the Closing Date, each Lender represents and warrants that it is a resident of Canada for the purposes of Part XIII of the *Income Tax Act* (Canada).

(2) **Indemnity.** The Borrower shall indemnify the Agent and the Lenders for the full amount of any Taxes (other than Excluded Taxes) imposed by any jurisdiction on amounts payable by the Borrower under this Agreement and paid by the Agent or any Lender and any liability (including penalties, interest and reasonable expenses) arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally asserted, and any Taxes levied or imposed with respect to any indemnity payment made under this Section 6.2(2). The Borrower shall also indemnify the Agent and the Lenders for any Taxes (other than Excluded Taxes) that may arise as a consequence of the execution, sale, transfer, delivery or registration of, or otherwise with respect to this Agreement or any other Document. The indemnifications contained in this Section 6.2(2) shall be paid within 30 days after the date the Agent makes written demand therefor.

(3) **Evidence of Payment.** Within 30 days after the date of any payment of Taxes by the Borrower, the Borrower shall furnish to the Agent the original or a certified copy of a receipt evidencing payment by the Borrower of any Taxes with respect to any amount payable to the Agent and the Lenders hereunder.

(4) **Excluded Taxes.** For the purpose of Section 4.8(2)(a) and this Section 6.2, "**Excluded Taxes**" means, in relation to the Agent or any Lender, any Taxes imposed on the net income or capital of the Agent or the Lender by any Governmental Authority as a result of the Agent or the Lender (a) carrying on a trade or business or having a permanent establishment in any jurisdiction or political subdivision thereof, (b) being organized under the laws of such jurisdiction or any political subdivision thereof, or (c) being or being deemed to be resident in such jurisdiction or political subdivision thereof.

(5) **Survival.** The Borrower's obligations under this Section 6.2 shall survive the termination of this Agreement and the payment of all amounts payable under or with respect to this Agreement.

Section 6.3 No Set-Off

All payments to be made by the Borrower shall be made without set-off or counterclaim and without any deduction of any kind.

Section 6.4 Application of Payments Before Exercise of Rights

Subject to the provisions of this Agreement, all payments made by or on behalf of the Borrower before the exercise of any rights arising under Article 10, or otherwise, shall be paid to the Agent and distributed among the Lenders in accordance with their respective Rateable Portions (or, as the case may be, to or among the Agent, the Lender or the Lenders to whom those payments are owing) in each instance in the following order:

(a) firstly, in payment of any amounts due and payable as and by way of agency fees owing to the Agent for its services provided hereunder;

(b) secondly, in payment of any amounts due and payable as and by way of recoverable expenses hereunder;

(c) thirdly, in payment of any interest, other fees, or default interest then due and payable on or in respect of the Swing Line Loans;

(d) fourthly, in payment of any interest, other fees, or default interest then due and payable on or in respect of the Advances other than Swing Line Loans;

(e) fifthly, in repayment of any principal amounts of Swing Line Loans, and then to repayment of principal amounts of other Advances; and

(f) sixthly, in payment of any other amounts then due and payable by the Borrower hereunder or in connection herewith.

Section 6.5 Application of Payments After Exercise of Rights Under Section 10.2

All payments made by or on behalf of the Borrower after the exercise of any rights arising under Section 10.2 shall be paid to the Agent and distributed among the Lenders in accordance with their respective Rateable Portions (or, as the case may be, to or among the Agent, the Lender or the Lenders to whom those payments are owing) in each instance in the following order:

(a) firstly, in payment of agency fees and the reasonable costs and expenses of any realization against the Credit Parties or their property and assets, including the out-of-pocket expenses of the Agent and the reasonable fees and out-of-pocket expenses of counsel, consultants and other advisers employed in connection therewith and in payment of all costs and expenses incurred by the Agent in connection with the administration and enforcement of this Agreement or the other Documents, to the extent that those funds, costs and expenses shall not have been reimbursed to the Agent;

(b) secondly, in payment of any other unpaid fees payable hereunder by the Credit Parties;

(c) thirdly, in payment or prepayment of all Obligations (other than Hedging Liabilities) and the aggregate of the Uncollateralized Net Hedging Liabilities owing by any Credit Party to any Lender on a pro-rata basis, with payments or prepayments on account of Obligations (other than Hedging Liabilities) to be applied, (i) firstly, to principal under any Swing Line Loans, (ii) then in payment or prepayment of other principal amounts owing hereunder, (iii) then to the payment of any other Obligations (other than on account of interest), (iv) then to the payment of accrued and unpaid interest in respect of Swing Line Loans, and (v) lastly, to the payment of accrued and unpaid interest in respect of amounts other than Swing Line Loans; and

(d) fourthly, in payment of the balance, if any, to the Borrower or such other person or persons who may be entitled at law or, in each case, their respective successors or assigns, or as a court of competent jurisdiction may otherwise direct.

ARTICLE 7 – SECURITY DOCUMENTS

Section 7.1 Security Documents

The Borrower shall cause the following documents to be executed and delivered to the Agent on behalf of itself and the Lenders to secure the Obligations, those documents to be in form and substance satisfactory to the Agent and the Lenders:

(a) a general security agreement granted by the Credit Parties creating a security interest in all present and future personal property or interest therein and a floating charge over all real property or interest therein, subject only to Permitted Liens;

(b) if the Limited Partnership has assets located in Quebec having a net book value greater than 15% of the total net book value of all assets of the Limited Partnership at any time, a deed of hypothec granted by the Limited Partnership to be registered in the Province of Quebec creating a security interest in all present and future property, real or personal, movable or immovable, or interest therein, subject only to Permitted Liens, securing, *inter alia*, the payment of bonds which may be issued thereunder, and any related bond pledge agreement;

(c) a general assignment of all present and future mortgages or charges of real property or interest therein granted by the Limited Partnership, subject only to Permitted Liens;

(d) a joint power of attorney from the Borrower in respect of FNFC Held Assets in favour of the Agent and the Trustee;

(e) subordination agreement from each of the Credit Parties (other than the Borrower) and subordination agreements from all other holders of Subordinated Debt, in each case postponing the Debt owing to such Persons by the Borrower and any Liens held by such Persons as security therefor to the Obligations and the Liens created by the Security Documents and assigning such Debt to the Agent;

(f) pledges of all issued and outstanding LP Units and GP Units of the Limited Partnership;

(g) pledges of all issued and outstanding securities of the General Partner and of each of the Subsidiaries of the Borrower;

(h) unlimited guarantee and postponement of claim from each Credit Party other than the Borrower, collaterally secured by a general security agreement granted by each such Credit Party creating a security interest in all present and future personal property or interest therein and a floating charge on all present and future real property or interest therein, of such Credit Party subject, in each case, only to Permitted Liens;

(i) the Intercreditor Agreement; and

(j) similar forms of any additional security documents provided by the Credit Parties from time to time in respect of the Debentureholder Obligations.

Section 7.2 ***Fondé de Pouvoir***

(1) **Appointment.** Each Lender hereby irrevocably appoints and authorizes the Agent (and any successor acting as Agent) to act as the Person holding the power of attorney (*fondé de pouvoir*) (in such capacity "**Attorney**") of the Lenders as contemplated under Article 2692 of the *Civil Code of Quebec*, and to enter into, to take and to hold on their behalf, and for their benefit, any hypothec, and to exercise such powers and duties which are conferred upon the Attorney under any hypothec. Moreover, without prejudice to such appointment and authorization to act as the Person holding the power of attorney as aforesaid, each Lender hereby irrevocably appoints and authorizes the Agent (and any successor acting as Agent) (in such capacity, the "**Custodian**") to act as agent and custodian for and on behalf of the Lenders to hold and to be the sole registered holder of any bond which may be issued under any hypothec, the whole notwithstanding Section 32 of the *Act respecting the special powers of legal persons (Quebec)* or any other applicable law. In this respect: (i) the Custodian shall keep a record indicating the names and addresses of, and the pro rata portion of the obligations and indebtedness secured by any pledge of any such bond and owing to each Lender, and (ii) each Lender will be entitled to the benefits of any charged property covered by any hypothec and will participate in the proceeds of realization of any such charged property, the whole in accordance with the terms hereof.

(2) **Powers.** Each of the Attorney and the Custodian shall: (a) have the sole and exclusive right and authority to exercise, except as may be otherwise specifically restricted by the terms

hereof, all rights and remedies given to the Attorney and the Custodian (as applicable) with respect to the charged property under any hypothec, any bond or pledge thereof relating to any hypothec, applicable laws or otherwise, (b) benefit from and be subject to all provisions hereof with respect to the Agent *mutatis mutandis*, including, without limitation, all such provisions with respect to the liability or responsibility to and indemnification by the Lenders, and (c) be entitled to delegate from time to time any of its powers or duties under any hypothec, any bond or pledge thereof relating to any hypothec, applicable laws or otherwise and on such terms and conditions as it may determine from time to time, provided that unless an Event of Default has occurred and is continuing, the consent of the Borrower must be obtained prior to any such delegation to a Person other a Lender or an Affiliate of the Custodian or Attorney. Any Person who becomes a Lender shall be deemed to have consented to and confirmed: (i) the Attorney as the person holding the power of attorney as aforesaid and to have ratified, as of the date it becomes a Lender, all actions taken by the Attorney in such capacity, and (ii) the Custodian as the agent and custodian as aforesaid and to have ratified, as of the date it becomes a Lender, all actions taken by the Custodian in such capacity.

ARTICLE 8 – CONDITIONS PRECEDENT

Section 8.1 Conditions Precedent to the Closing Date

The obligation of each Lender to make, or continue to make, Advances requested to be made available by it and the effectiveness of this Agreement, are subject to and conditional upon the satisfaction of the following conditions:

(1) **Delivery of Documents.** The Agent shall have received Sufficient Copies, in form and substance satisfactory to the Agent, of the following:

(a) this Agreement duly executed by the Credit Parties;

(b) each of the Security Documents and all other Documents duly executed by all the parties thereto;

(c) notice of repayment of the Tranche I Advances and Tranche II Advances made under and as defined in the Fifth Amended and Restated Credit Agreement;

(d) such notice as may be required in connection with the initial Tranche I Advance or Tranche II Advance, if any;

(e) a pro forma Borrowing Base Certificate dated the Closing Date and certifying the Tranche I Borrowing Base and the Tranche II Borrowing Base as of October 31, 2012;

(f) a pro forma Compliance Certificate dated the Closing Date and certifying the financial covenants set forth in Section 9.3 as of September 30, 2012;

(g) a certificate of each of the Credit Parties dated the Closing Date executed by an appropriate officer of the applicable Credit Party, certifying:

(i) the names and the specimen signatures of the Persons authorized to sign this Agreement, the Security Documents and the other Documents to be executed and delivered by the applicable Credit Party;

(ii) that the constating documents (including, without limitation, in the case of the Borrower, articles of amalgamation) and, if applicable, the by-laws of such Credit Party, which shall be attached thereto, are complete and correct copies and that the constating documents and by-laws have not been amended, modified or supplemented and are in full force and effect; and

(iii) the resolution of the applicable Credit Party and all other authorizations necessary to authorize the execution and delivery of and the performance by the applicable Credit Party of its obligations under this Agreement, the Security Documents and the other Documents to which it is a party and all the transactions contemplated thereby;

(h) an opinion of Stikeman Elliott LLP, counsel to the Credit Parties, addressed to the Agent and each Lender with respect to, *inter alia*, due authorization, execution, delivery and enforceability of this Agreement and the other Documents, the creation of valid security interests and registration of the Security Documents addressed to the Agent and each Lender;

(i) duly executed certificate(s) of insurance evidencing the insurance required under this Agreement; and

(j) such other documents as the Agent may reasonably request on behalf of the Lenders including standard documentation used by a Lender in connection with the issuance of Bankers' Acceptances prior to any Advance by way of Bankers' Acceptances.

(2) **Registration of Security Documents.** All registrations, recordings and filings of or with respect to the Security Documents in all applicable jurisdictions which, in the opinion of counsel to the Agent, are necessary to render effective the security intended to be created thereby shall have been completed.

(3) **Searches**. The Agent shall have received satisfactory Lien, Tax and judgment searches against the Credit Parties in such jurisdictions and offices as reasonably determined by the Agent.

(4) **No Material Adverse Change.** No Material Adverse Change shall have occurred since December 31, 2011 to the Closing Date.

(5) **Fees.** All fees payable in accordance with this Agreement on or before the Closing Date shall have been paid to the Agent.

(6) **Due Diligence.** The Agent and Lenders shall have completed their business and legal due diligence with results satisfactory to them, including without limitation, the corporate and capital structure and the terms and conditions of all Debt of the Borrower and each other Credit Party, and if requested by any Lender, review and approval of all Material Contracts.

Section 8.2 Conditions Precedent to All Advances

The obligations of the Lenders to make available any Advance, Rollover or Conversion, in addition to being subject to and conditional upon the conditions being satisfied in Section 8.1 are subject to and conditional upon each of the conditions below being satisfied on the applicable Drawdown Date, Rollover Date or Conversion Date:

(1) **No Default.** No Default or Event of Default shall exist, nor shall the Advance, Rollover or Conversion result in the occurrence of a Default or Event of Default.

(2) **Representations Correct.** The representations and warranties contained in Section 2.1 shall be true and correct on each Drawdown Date, Rollover Date or Conversion Date as if made on that date.

(3) **Notice of Advance.** The Borrower shall have provided any notice required in respect of an Advance, Rollover or Conversion.

Section 8.3 Waiver of a Condition Precedent

The conditions stated in Section 8.1 and Section 8.2 are inserted for the sole benefit of the Agent and Lenders and may be waived by the Agent with the consent of the Majority Lenders, in whole or in part, with or without terms or conditions, in respect of all or any portion of the Advances, without affecting the right of the Lenders to assert terms and conditions in whole or in part in respect of any other Advance.

ARTICLE 9 – COVENANTS

Section 9.1 Affirmative Covenants

While any amount owing under this Agreement or any of the other Documents remains unpaid, or the Agent or the Lenders have any obligations under this Agreement or any of the other Documents, each Credit Party covenants with the Agent and each Lender as follows:

(1) **Corporate Existence.** Each Credit Party shall do or cause to be done all things necessary to keep in full force and effect its existence and, except where failure to do so would not have a Material Adverse Effect, all rights, franchises, trademarks, licences and qualifications required for it to carry on its businesses and own, lease or operate its properties in each jurisdiction in which they carry on business or own, lease or operate property or assets from time to time.

(2) **Insurance.** Each Credit Party shall maintain insurance on its properties and assets and for the operation of its businesses in such amounts and against such risks as would be customarily obtained and maintained by a prudent owner of similar properties and assets operating a similar business, including appropriate liability insurance, business interruption insurance and third party liability insurance, and shall provide copies of the policies to the Agent.

(3) **Insured Mortgages.** Each Credit Party shall make reasonable commercial efforts to ensure that all mortgagors under mortgages or charges held by Credit Parties at any time maintain insurance on and in respect of the operation of the mortgaged properties and assets in such amounts and against such risks as would be customarily obtained and maintained by a prudent owner of similar properties and assets, including appropriate liability insurance, business interruption insurance and third party liability insurance, and which policies of insurance shall not be subject to any co-insurance clause. Each insurance policy shall include an endorsement whereby the insurers agree to give the applicable Credit Party not less than 30 days notice of the cancellation of the policy of insurance and permit such Credit Party to cure any default which may exist under the policy. The applicable Credit Party shall either be named as loss payee or additional insured as its interest may appear in all such policies of insurance or otherwise be assured of the availability of continuing coverage in a manner satisfactory to the Agent.

(4) **Compliance with Laws, etc.** Each Credit Party shall comply, in all material respects, with all Applicable Laws and all Government Approvals required in respect of its businesses, properties, the Collateral, or any activities or operations carried out thereon including health, safety and employment standards, labour codes and Environmental Laws. If required by the Agent, acting reasonably, each Credit Party shall deliver to the Agent evidence satisfactory to the Agent concerning compliance with all Applicable Laws and Government Approvals.

(5) **Government Approvals.** Each Credit Party shall obtain (to the extent not in existence on the Closing Date) and maintain, by the observance and performance of all obligations thereunder and conditions thereof, all Government Approvals required for it to carry on its businesses, except where the failure to do so would not have a Material Adverse Effect.

(6) **Conduct of Business.** Each Credit Party shall:

(a) conduct its business in a proper and efficient manner and keep proper books of account and records with respect to the operation of its business;

(b) maintain, repair, use and operate its property and premises in a commercially reasonable and efficient manner; and

(c) maintain its physical assets in good condition so that each asset may be used at all times for the purpose for which it was intended.

(7) **Payment.** Each Credit Party shall duly and punctually pay or cause to be paid all sums of money due and payable by it under this Agreement and the other Documents on the dates, at the places and in the currency and the manner set forth herein and therein.

(8) **Litigation.** Immediately upon becoming aware thereof, each Credit Party shall (a) promptly give notice to the Agent of any litigation, proceeding or dispute, threatened or commenced, if the litigation, proceeding or dispute could, if adversely determined, have a Material Adverse Effect, (b) advise the Agent of the extent to which any adverse determination is covered by insurance, (c) provide all reasonable information requested by the Agent concerning the status of any litigation, proceeding or dispute, and (d) use reasonable efforts to bring about a reasonable and favourable resolution or disposition of the litigation, proceeding or dispute.

(9) **Pay Claims and Taxes.** Each Credit Party shall promptly pay and discharge when due all Taxes charged to or payable by it or them and all obligations which may result in Liens (other than Permitted Liens) on its or their properties or assets unless the relevant Tax or obligation is being actively and diligently contested in good faith by appropriate proceedings and is adequately reserved against in accordance with GAAP. Each Credit Party shall notify the Agent of each contest promptly upon forming the intention to contest the relevant payment, Tax or obligation.

(10) **Notice of Default or Material Adverse Change.** Each Credit Party shall provide to the Agent prompt notice of any Material Adverse Change, Default or Event of Default of which it is aware, setting forth its details and the action taken or to be taken to remedy it.

(11) **Auditors.** Each Credit Party shall promptly give notice to the Agent of a change in its Auditors and the reasons for the change.

(12) **Approved Lender.** The Limited Partnership shall maintain its status as a CMHC, Canada Guaranty and Genworth approved lender at all times.

(13) **Canadian Benefit and Pension Plans.** Each Credit Party shall use its best efforts to ensure that any Canadian Pension Plan of such Credit Party retains its registered status under and is administered in a timely manner in all respects in accordance with the applicable pension plan text, funding agreement, the ITA and all other Applicable Laws and shall perform all obligations (including fiduciary, funding, investment administration and reporting obligations) required to be performed by it in connection with any Canadian Pension Plan or Canadian Benefit Plan and the funding media therefore.

(14) **Borrowing Base.** The Borrower shall ensure that the aggregate principal amount of all outstanding Tranche I Advances, including Swing Line Loans, and Tranche II Advances at any time will not exceed the Tranche I Borrowing Base or the Tranche II Borrowing Base, respectively, as at such time.

Section 9.2 Negative Covenants

While any amount owing under this Agreement or any of the other Documents remains unpaid, or the Agent or the Lenders have any obligations under this Agreement or any of the other Documents, each Credit Party covenants with the Agent and each Lender that it shall not without the prior consent of the Majority Lenders:

(1) **Dispositions.** Sell, lease, transfer, assign, convey or otherwise dispose of, any of its properties or assets, except sales of mortgage assets in connection with a subsequent securitization in the ordinary course of business, sales of assets in the ordinary course of business and in accordance with the terms of the Security Documents.

(2) **Negative Pledge.** Assume, create or permit to exist, any Lien, other than Permitted Liens, in respect of any of its undertakings, properties and assets, whether now owned or hereafter acquired.

(3) **Debt.** Create, incur, assume or permit to exist, any Debt except:

(a) the Obligations;

(b) Debt not exceeding amounts secured by Permitted Liens or which could be secured by Permitted Liens;

(c) Debt for amounts payable to suppliers in the ordinary course of business;

(d) Debt owing to the Limited Partnership by, or Investment by the Limited Partnership in, a Credit Party that is a Subsidiary;

(e) Debt ranking junior and subordinate to the Obligations at all times;

(f) Hedging Liabilities permitted under Section 9.2(10);

(g) Subordinated Debt (including, without limitation, Subordinated Debt owing from time to time by the Limited Partnership to the Borrower pursuant to the distribution reinvestment program established to permit the Borrower's shareholders to reinvest their monthly distributions in additional shares of the Borrower);

(h) Distributions declared by the Limited Partnership but not paid;

(i) NHA – MBS Repurchase Loans up to an aggregate maximum amount of C$950,000,000; and

(j) the Debentureholder Obligations of the Credit Parties.

(4) **Distributions.** In the case of the Limited Partnership, make any Distributions, including, for greater certainty, payment of principal or interest on Subordinated Debt, other than Permitted Distributions.

(5) **Amalgamation and Merger.** Enter into any merger, consolidation, amalgamation, reorganization, reconstruction or arrangement with any Person.

(6) **Fundamental Change.** Except upon prior written notice to the Agent and where such action would not have a Material Adverse Effect, change its business objectives, purposes or

operations, change its capital structure or amend its articles of incorporation or other constating documents.

(7) **Material Contracts.** (a) Cancel or terminate any Material Contract; or (b) except where such action would not have a Material Adverse Effect, waive any default or breach under, or amend or otherwise modify, or take any other action in connection with, any Material Contract.

(8) **Fiscal Year End.** Change its Fiscal Year.

(9) **Environmental Activity.** Carry on any Environmental Activity (other than in the ordinary course of business as an originator and holder of mortgages) or cause or permit any Contaminant to be stored in or to be present in any form in or under its properties contrary to any Environmental Law.

(10) **Hedge Contracts.** Enter into any Hedge Contract or repurchase transaction for any purpose other than Hedge Contracts entered into in the ordinary course of business (which shall include, for greater certainty, in connection with securitization transactions and shall exclude speculative purposes) or repurchase transactions entered into in the ordinary course of business.

(11) **Acquisitions or Investments.** Directly or indirectly, in any transaction or series of related transactions, acquire any going concern business or all or substantially all the assets of or securities issued by any Person, whether through purchase, merger, amalgamation or otherwise, or make any other Investment other than purchases or acquisitions of Investment Grade Securities or pursuant to Section 9.2(3) or Section 9.2(12).

(12) **Subsidiaries.** Create or acquire any Subsidiary, unless (i) such Subsidiary is wholly owned by the Borrower (ii) becomes a Credit Party, and (iii) the Agent is granted the Security Documents required pursuant to Section 7.1(g) and Section 7.1(h).

Section 9.3 Financial Covenants

While any amount owing under this Agreement or any of the other Documents remains unpaid, or the Agent or the Lenders have any obligations under this Agreement or any of the other Documents, the Borrower covenants with the Agent and each Lender to maintain, on a consolidated basis:

(1) **Tangible Net Worth.** Tangible Net Worth of not less than $200,000,000 at all times.

(2) **Funded Debt to Tangible Net Worth.** A ratio of Funded Debt to Tangible Net Worth of not greater than 4.00:1, measured at the end of each Fiscal Quarter.

(3) **Adjusted Funded Debt to Tangible Net Worth.** A ratio of Adjusted Funded Debt to Tangible Net Worth of not greater than 7.00:1, measured at the end of each Fiscal Quarter.

Section 9.4 Accounting, Financial Statements and Other Information

While any amount owing under this Agreement or any of the other Documents remains unpaid, or the Agent or the Lenders have any obligations under this Agreement or any of the other Documents, each Credit Party covenants with each Lender and the Agent as follows:

(1) **General.** Each Credit Party shall maintain a system of accounting established and administered in accordance with GAAP consistently applied and shall set aside on their respective books all proper reserves as GAAP shall require. Each Credit Party shall permit representatives of any Lender or the Agent to visit and inspect any of the properties of the Credit Parties and examine any of their respective books and records at any reasonable time and upon reasonable notice and as often as is reasonably necessary and to discuss the business, operations, properties and financial and other condition of the Credit Parties with officers and employees of the Credit Parties and with its Auditors. Any information regarding the Credit Parties obtained pursuant to those examinations shall be held by the Agent and the Lenders in compliance with Section 14.11.

(2) **Monthly Reports.** The Borrower shall provide the Agent with a Borrowing Base Certificate on a monthly basis, promptly upon availability, and in any event within 30 days of the end of each month, certifying, inter alia, the Tranche I Borrowing Base and the Tranche II Borrowing Base as at the end of the applicable month and that, at no time during the applicable month, was the aggregate principal amount of all outstanding Tranche I Advances or Tranche II Advances greater than the Tranche I Borrowing Base or the Tranche II Borrowing Base, respectively, at the time of determination.

(3) **Quarterly Reports**. The Credit Parties shall provide the Agent with the following reports, promptly upon availability, and in any event within 45 days of the end of each relevant Fiscal Quarter:

(a) for each of the first 3 Fiscal Quarters in each Fiscal Year;

(i) the unaudited consolidated and unconsolidated financial statements of each of the Limited Partnership and the Borrower, each prepared in accordance with GAAP (including a balance sheet and statements of income and retained earnings and changes in financial position); and

(ii) a Compliance Certificate certifying, *inter alia*, compliance with this Agreement including the financial covenants set forth in Section 9.3 and the covenant set forth in Section 9.2(4) with respect to Distributions, including the detailed calculations in support thereof; and

(b) for the last Fiscal Quarter in each Fiscal Year, the unaudited consolidated and unconsolidated financial statements of the Limited Partnership and Borrower, each prepared in accordance with GAAP (including a balance sheet and statements of income and retained earnings and changes in financial position).

(4) **Annual Reports.** The Credit Parties shall provide the Agent with the following reports promptly upon availability:

(a) and in any event within 120 days of the end of each Fiscal Year, audited annual consolidated financial statements of the Borrower and unaudited consolidated financial statements of the Limited Partnership, and in the case of the audited annual consolidated financial statements of the Borrower only, duly certified by its board of directors, together with a report of the Auditors whose report shall contain no qualifications except those satisfactory to the Agent; and

(b) and in any event within 120 days of the end of each Fiscal Year, *proforma* balance sheets and income and cash flow statements for each of the Limited Partnership and Borrower prepared on a monthly or quarterly basis (at the option of the Borrower) for the current Fiscal Year;

(c) and in any event within 120 days of the end of each Fiscal Year, a Compliance Certificate certifying, *inter alia*, compliance with this Agreement including the financial covenants set forth in Section 9.3 and the covenant set forth in Section 9.2(4) with respect to Distributions, including the detailed calculations in support thereof

(d) and in any event within 30 days of the end of each Fiscal Year, an Auditor's report confirming compliance with the Office of the Superintendent of Financial Institutions Guideline B-20: Residential Mortgage Underwriting Practices and Procedures.

Each of the statements required by this Section 9.4 shall set forth in comparative form the corresponding figures for the corresponding period of the preceding fiscal period (if any), all in reasonable detail.

(5) **Other Information.** The Credit Parties shall provide the Agent with such other reports and information regarding the operations, business, assets and financial condition of the Credit Parties as the Agent may reasonably request.

ARTICLE 10 – DEFAULT AND ENFORCEMENT

Section 10.1 Events of Default

The occurrence of one or more of the following events or circumstances constitutes an Event of Default under this Agreement:

(1) **Non-payment of Principal.** The Borrower fails to make when due, whether by acceleration or otherwise, any payment of principal required to be made by the Borrower under this Agreement or any other Document.

(2) **Non-payment of Interest, Fees or Other Amounts.** The Borrower fails to make when due, whether by acceleration or otherwise, any payment of interest, fees, costs or any other payment under this Agreement or any other Document and that failure continues for 3 Business Days after the due date.

(3) **Breach of Covenants, etc.** Any Credit Party fails to perform or observe:

(a) any term, condition, covenant or undertaking contained in Section 9.2, Section 9.3 or Section 9.4; or

(b) any other term, condition, covenant or undertaking contained in any Document which is not otherwise specifically addressed in this Section 10.1 and that failure, if capable of being remedied, is not remedied within 10 days of its occurrence.

(4) **Cross-Default.** With respect to any Debt of any of the Credit Parties aggregating in excess of $25,000,000 (other than under any Document), including without limitation, the Debentureholder Obligations:

(a) default occurs in the payment thereof when due, whether by acceleration or otherwise and such default continues after the grace period, if any, provided for in the instrument or agreement relating to such Debt; or

(b) default occurs in the performance or observance of any obligation or condition with respect thereto and that default remains unremedied after any remedial period with respect thereto or any other event occurs with respect thereto, and the effect of that default or other event is to accelerate the maturity of that Debt or to permit the holder or holders thereof, or any trustee or agent for the holder or holders, to cause the Debt to become due and payable prior to its expressed maturity.

(5) **Representations and Warranties.** Any representation, warranty or statement which is made by any Credit Party in any Document or which is contained in any certificate, written statement or written notice provided under or in connection with any Document or which is deemed to have been made is untrue or incorrect when made or deemed to have been made in any material respect.

(6) **Execution.** Any writ, distress, execution, attachment, seizure, garnishment, sequestration, extent or any similar process is issued, levied or enforced against any Credit Party, or any of their respective properties or assets for an amount of $10,000,000 or more.

(7) **Invalidity and Contest.** This Agreement or any of the other Documents, or any material provision hereof or thereof, shall at any time after execution and delivery hereof or thereof, for any reason, other than as a result of an act or omission of the Agent or any Lender, cease to be a legal, valid and binding obligation of any of the Credit Parties or cease to be enforceable against any of the Credit Parties in accordance with its terms or shall be declared to be null and void, or the legality, validity, binding nature or enforceability of this Agreement or any other Document,

or any provision hereof or thereof, shall be contested by any of the Credit Parties or any of the Credit Parties shall deny that it has any further liabilities or obligations hereunder or thereunder.

(8) **Judgment.** A final judgment in excess of $10,000,000 is levied or enforced against any of the Credit Parties, unless the judgment is being actively and diligently appealed and is satisfied, vacated, discharged or execution thereof stayed pending appeal or a settlement of the judgment has been negotiated on terms acceptable to the Agent, acting reasonably, within 30 days of the rendering of the judgment, or if any stay is lifted or a default occurs in any settlement.

(9) **Government Approval.** Any Government Approval required to enable any Credit Party to conduct its business substantially as presently conducted or to perform its obligations under this Agreement is not obtained or is withdrawn or ceases to be in full force and effect and that required Government Approval cannot be acquired or reinstated within 30 days of the date on which any Credit Party knew or ought to have known the Government Approval was required or withdrawn.

(10) **Voluntary Proceedings.** Any Credit Party:

(a) institutes proceedings for substantive relief in any bankruptcy, insolvency, debt restructuring, reorganization, readjustment of debt, dissolution, liquidation, winding-up or other similar proceedings (including proceedings under the *Bankruptcy and Insolvency Act* (Canada), the *Winding-up and Restructuring Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the incorporating statute of the relevant corporation or other similar legislation), including proceedings for the appointment of a trustee, interim receiver, receiver, receiver and manager, administrative receiver, custodian, liquidator, provisional liquidator, administrator, sequestrator or other like official with respect to the relevant corporation or all or any material part of its property or assets;

(b) makes an assignment for the benefit of creditors;

(c) is unable or admits in writing its inability to pay its debts as they become due or otherwise acknowledges its insolvency or commits any other act of bankruptcy or is taken to be insolvent under any applicable legislation;

(d) voluntarily suspends the conduct of its business or operations;

or acquiesces to, or takes any action in furtherance of, any of the foregoing.

(11) **Involuntary Proceedings.** If any third party in respect of any Credit Party:

(a) makes any application under the *Companies' Creditors Arrangement Act* (Canada) or similar legislation;

(b) files a proposal or notice of intention to file a proposal under the *Bankruptcy and Insolvency Act* (Canada) or similar legislation;

(c) institutes a winding-up proceeding under the *Winding-up and Restructuring Act* (Canada), any relevant incorporating statute or any similar legislation;

(d) presents a petition in bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or any similar legislation; or

(e) files, institutes or commences any other petition, proceeding or case under any other bankruptcy, insolvency, debt restructuring, reorganization, incorporation, readjustment of debt, dissolution, liquidation, winding-up or similar law now or hereafter in effect, seeking bankruptcy, liquidation, reorganization, dissolution, winding-up, composition or readjustment of debt of any of them, the appointment of a trustee, interim receiver, receiver, receiver and manager, administrative receiver, custodian, liquidator, provisional liquidator, administrator, sequestrator or other like official for any of them, or any material part of any of their respective assets or any similar relief;

and if the application, filing, proceeding, petition or case is not contested by *bona fide* action on the part of the applicable Credit Party and is not dismissed, stayed or withdrawn within 30 days of the commencement thereof.

(12) **Creditor Action.** Any secured creditor, encumbrancer or lienor, or any trustee, interim receiver, receiver, receiver and manager, administrative receiver, agent, bailiff or other similar official appointed by any secured creditor, encumbrancer or lienor, takes possession of, forecloses, seizes, retains, sells or otherwise disposes of, or otherwise proceeds to enforce security over, all or a substantial part of the assets of any Credit Party.

(13) **Material Adverse Effect.** At any time there occurs an event or circumstance which in the view of the Majority Lenders has a Material Adverse Effect.

(14) **Material Contracts.** Any Credit Party defaults in any material respect under any Material Contract, all applicable notice or cure periods under such Material Contract have expired without the default having been cured or waived, and such default has or would reasonably be expected to have a Material Adverse Effect.

(15) **Change of Control.** A change of Control of the Borrower occurs or the Borrower ceases to own, directly or indirectly, 100% of issued and outstanding equity securities of the General Partner and the Limited Partnership.

Section 10.2 Rights upon Default and Event of Default

Upon the occurrence of a Default, the Agent may, and shall upon the instructions of the Majority Lenders, on notice to the Borrower, declare that the ability of the Borrower to make any further borrowing under the Credit Facilities shall be suspended pending the remedying of the Default. Upon the occurrence of an Event of Default pursuant to Sections 10.1(10) or 10.1(11), the Agent shall, and upon the occurrence of any other Event of Default and for so long as the other Event of Default shall continue, the Agent may, and shall upon the instructions of the Majority Lenders, without notice to the Borrower, do either or both of the following:

(a) declare that the Total Commitment has expired and that the Lenders' obligations to make Advances have terminated; and

(b) declare the entire principal amount of all Advances outstanding, all unpaid accrued interest and all fees and other amounts required to be paid by the Borrower hereunder to be immediately due and payable without the necessity of presentment for payment, notice of non-payment and of protest (all of which are hereby expressly waived) and proceed to exercise any and all rights and remedies hereunder and under any other Document or otherwise permitted by law.

From and after the issuance of any declaration referred to in this Section 10.2, no Lender shall be required to honour any cheque or other instrument presented to it by the Borrower regardless of the date of issue or presentation. Immediately upon receipt of a declaration under Section 10.2(b), the Borrower shall pay to the Agent on behalf of the Lenders all amounts outstanding hereunder including an amount equal to the aggregate of the face amounts of all Bankers' Acceptances which have not matured, which amount shall be held by the Agent in a non-interest bearing account as collateral security for the Borrower's obligations with respect to those Bankers' Acceptances. If the Borrower does not pay any such amount so required to be paid, the applicable Lender shall have the option at any time without notice to the Borrower to make an Advance of a Prime Loan to the Borrower equal to that amount, such Advance to bear interest at the rates specified in this Agreement. The proceeds of such Advance shall be held by the Agent in the non-interest bearing account as collateral security for the Borrower's obligations under the Bankers' Acceptances. The Borrower shall execute such security documents with respect to those Bankers' Acceptances and any amounts paid or held in respect thereof as the Agent shall require.

Section 10.3 Waiver of Default

No express or implied waiver by the Agent and the Lenders or any of them of any Default or Event of Default shall in any way be or be construed to be a waiver of any future or subsequent Default or Event of Default. To the extent permitted by Applicable Law, each Credit Party hereby waives any rights now or hereafter conferred by statute or otherwise which may limit or modify any of the Agent's or the Lenders' rights or remedies under any Document. Each Credit Party acknowledges and agrees that the exercise by the Agent or any Lender of any rights or remedies under any Document without having declared an acceleration shall not in any way alter, affect or prejudice the right of the Agent and the Lenders to make a declaration pursuant to Section 10.2 at any time and, without limiting the foregoing, shall not be construed as or deemed to constitute a waiver of any rights under Section 10.2.

ARTICLE 11 – REMEDIES

Section 11.1 Remedies Cumulative

For greater certainty, the rights and remedies of the Agent and the Lenders under this Agreement and the other Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity. Any single or partial exercise by the

Agent or any Lender of any right or remedy upon the occurrence of a Default or Event of Default shall not be deemed to be a waiver of, or to alter, affect or prejudice any other right or remedy to which the Agent or the Lender may be lawfully entitled as a result of the Default or Event of Default, and any waiver by the Agent or any Lender of the strict observance of, performance of or compliance with any term, covenant, condition or agreement herein contained, and any indulgence granted thereby, either expressly or by conduct, shall be effective only in the specific instance and for the purpose for which it is given and shall be deemed not to be a waiver of any subsequent Default or Event of Default.

Section 11.2 Sharing of Information

Each Credit Party authorizes the Agent and the Lenders to share among each other any information possessed by any of them regarding the Credit Parties.

Section 11.3 Remedies Not Limited

The Agent on behalf of itself and the Lenders may, to the extent permitted by Applicable Law, bring suit at law, in equity or otherwise, for any available relief or purpose including: (1) the specific performance of any covenant or agreement contained in this Agreement or in any other Document; (2) an injunction against a violation of any of the terms of this Agreement or any other Document; (3) in aid of the exercise of any power granted by this Agreement or any other Document or by law; or (4) the recovery of any judgment for any and all amounts due in respect of the Obligations.

Section 11.4 Sharing of Proceeds Among the Lenders

The Lenders agree among themselves that, except as otherwise contemplated by the provisions of this Agreement, all sums received by the Lenders for application against amounts owing by the Borrower under this Agreement (whether received by voluntary payment, by the exercise of any right of set-off, or by counterclaim, cross-action or as proceeds of realization of any security), after payment to the Agent of its fees and disbursements, shall be shared by each Lender as nearly as possible in accordance with each Lender's Rateable Portion.

Section 11.5 Set-Off, etc.

Upon the occurrence of a Default or Event of Default, the Agent, each Lender and each of their respective branches and offices are hereby authorized by the Borrower from time to time, without notice to: (1) set off and apply any and all amounts owing by the Agent or any Lender or any of its branches or offices to the Borrower (whether payable in Canadian Dollars or any other currency – and any amounts so owing in any other currency may be converted into one or more currencies in which the Obligations are denominated at such rate or rates as the party may be able to obtain, acting reasonably - whether matured or unmatured, and in the case of deposits, whether general or special, time or demand and however evidenced) against and on account of the Obligations (whether or not any declaration under Section 10.2 has been made and whether or not those Obligations are unmatured or contingent); and (2) hold any amounts owing by the Agent or any Lender as collateral to secure payment of the Obligations owing to it to the extent that those amounts may be required to satisfy any contingent or unmatured Obligations owing to it. For greater certainty, the rights granted to the Agent and the Lenders under this Section 11.5 shall not apply to amounts held by the Borrower in any account designated as a trust account.

Section 11.6 Agent or Lender May Perform Covenants

If any Credit Party fails to perform any of its obligations under any covenant contained in this Agreement or any other Document, the Agent or any Lender may (but has no obligation to), upon notice to the Borrower, perform any covenant capable of being performed by it and, if the covenant requires the payment or expenditure of money, it may make an Advance to fund that requirement, which Advance shall be repaid by the Borrower on demand. That Advance shall bear interest at a rate calculated and paid in accordance with Section 3.

ARTICLE 12 – THE AGENT AND THE LENDERS

Section 12.1 Authorization of Agent

Each Lender irrevocably appoints and authorizes the Agent to take all action as agent on its behalf and to exercise those powers and perform those duties under this Agreement and the other Documents as are delegated to the Agent by the terms thereof, together with all powers reasonably incidental thereto. As to any matters not expressly provided for by this Agreement or the other Documents, the Agent is not required to exercise any discretion or to take any action, but is required to act or to refrain from acting (and is fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders. Notwithstanding anything to the contrary in this Agreement and the other Documents, the Agent shall never be required to take any action which is contrary to this Agreement, the other Documents or Applicable Law. No Lender shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting under this Agreement in accordance with the terms and conditions of this Section 12. All communications between the Borrower and any Lender in connection with this Agreement and the other Documents shall be directed through the Agent.

Section 12.2 Action by Agent

The Agent shall have the right, subject to the provisions of this Agreement, and without restricting the generality of this Agreement, to take such actions as the Agent deems necessary or refrain from taking those actions, or to give agreements, consents, approvals, or instructions to the Borrower or any of the other Credit Parties on behalf of the Lenders in respect of all matters referred to in or contemplated by this Agreement. Each Lender agrees that any action taken by the Agent or the Majority Lenders (or, where required by the express terms of this Agreement, a greater proportion of the Lenders) in accordance with the provisions of this Agreement or of the other Documents, and the exercise by the Agent or the Majority Lenders (or, where so required, such greater proportion) of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders. Without limiting the generality of the foregoing, the Agent shall have the sole and exclusive right and authority to (1) act as the disbursing and collecting agent for the Lenders with respect to all payments and collections arising in connection herewith and with the Security

Documents; (2) execute and deliver each Document and accept delivery of each such agreement delivered by any of the Credit Parties; (3) act as Agent for the Lenders for purposes of the perfection of all security interests and Liens created by such agreements and all other purposes stated therein; (4) manage, supervise and otherwise deal with the Collateral; (5) take such action as is necessary or desirable to maintain the perfection and priority of the security interests and Liens created or purported to be created by the Security Documents; and (6) except as may be otherwise specifically restricted by the terms hereof or of any other Document, exercise all remedies given to the Agent and the Lenders with respect to the Collateral under the Documents relating thereto, applicable law or otherwise.

Section 12.3 Arrangements for Advances

The Agent shall give notice to each Lender promptly in writing upon receipt by the Agent of any notice given under this Agreement which affects a Lender. The Agent shall advise each Lender of the amount, date and details of each Advance and of each Lender's participation in each Advance. At or before 1:00 p.m. on the Drawdown Date, each Lender will make its participation available to the Borrower at the Agent's Account for Payments and, for greater certainty, Bankers' Acceptances shall be accepted by the Lenders at their respective Branches of Account.

Section 12.4 Arrangements for Repayment of Advances

All payments made by or on behalf of the Borrower and received by the Agent, whether before or after the exercise of any rights arising under Section 10.2, shall be paid to each Lender in accordance with its entitlement under this Agreement. Payment by the Agent shall be made promptly following receipt and, in any event, the Agent shall use its reasonable efforts to pay to each Lender at the applicable Lender's Branch of Account the applicable amount on the same Business Day as the amount is received by the Agent.

Section 12.5 Lenders Bound by Decision to Exercise Remedies

Each Lender agrees to be bound by a decision of the Majority Lenders to exercise the rights and remedies provided in this Agreement. Each Lender shall, subject to Applicable Law, do all acts and things as may be necessary or reasonable to enable the Agent to act pursuant to any decision.

Section 12.6 Deemed Repayment and Funding

(1) **Assumption re Payments.** Unless the Agent has been notified in writing by the Borrower at least 1 Business Day before the date on which any payment to be made by the Borrower under this Agreement is due that the Borrower does not intend to remit the payment, the Agent may, in its discretion, assume that the Borrower has remitted the payment when so due and the Agent may, in its discretion and in reliance upon that assumption, make available to each Lender on the payment date an amount equal to its Rateable Portion of the assumed payment. If the Borrower does not in fact remit that payment to the Agent, the Agent shall promptly notify each Lender and each Lender shall forthwith on demand pay to the Agent the amount of the

assumed payment made available to the Lender, together with interest thereon until the date of repayment thereof at a rate determined by the Agent (the determination to be conclusive and binding on the Lender) in accordance with the Agent's usual banking practice for similar advances to financial institutions of like standing to that Lender, and, in any event, at a rate no greater than the usual interbank offered rate for the sale of deposits in the applicable currency.

(2) **Assumption re Advances.** Unless the Agent has been notified in writing by a Lender at least 1 Business Day before a Drawdown Date that the Lender does not intend to make available its Rateable Portion of an Advance to be made available on the Drawdown Date, the Agent may, in its discretion, assume that the Lender has remitted to the Agent funds in an amount equal to its Rateable Portion of the Advance and the Agent may, in its discretion and in reliance upon that assumption, make available to the Borrower on the Drawdown Date an amount equal to the Lender's Rateable Portion of that Advance. If the Lender does not in fact remit such funds to the Agent, the Agent shall promptly notify that Lender, and that Lender, or failing that Lender, the Borrower, shall forthwith on demand pay to the Agent the amount made available by the Agent on behalf of that Lender, together with interest thereon until the date of repayment thereof at a rate determined by the Agent (the determination to be conclusive and binding on that Lender) in accordance with the Agent's usual banking practice for similar advances to financial institutions of like standing to that Lender, but, in any event, at a rate no greater than the usual interbank offered rate for the sale of deposits in the applicable currency.

Section 12.7 Responsibility of Agent

The Agent makes no representation or warranty, and accepts no responsibility, with respect to the due execution, legality, validity, sufficiency or enforceability of any Document or any other instrument or document referred to herein or relative hereto. The Agent assumes no responsibility for the financial condition of the Borrower or any of the other Credit Parties or for the repayment of any of the Advances. The Agent assumes no responsibility with respect to the accuracy, authenticity, legality, validity, sufficiency or enforceability of any documents, papers, materials or other information furnished by the Borrower, any other Credit Party or any other Person to the Agent or to any Lender in connection with any of the Documents or any matter referred to therein. Except for its gross negligence or wilful misconduct, the Agent shall incur no liability to the Lenders under or in respect of this Agreement or any of the other Documents with respect to anything which it may do or refrain from doing in the reasonable exercise of its judgment or which may seem to it to be necessary or desirable in the circumstances. The Agent assumes no responsibility for the repayment of any of the Advances or other amounts outstanding under this Agreement or any of the other Documents by the Borrower or any of the other Credit Parties.

Section 12.8 Acknowledgement of Lenders

(1) **Independent Appraisal of Borrower.** Each Lender acknowledges to the Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, affairs, status and nature of the Credit Parties and, accordingly, each Lender confirms to the Agent that it has not relied, and will not hereafter rely on the Agent:

(a) to check or enquire on its behalf into the adequacy, accuracy or completeness of any information provided by the Credit Parties or in connection with any of the Documents (whether or not the information has been or is hereafter circulated to the Lender by the Agent);

(b) to enquire as to the performance by the Credit Parties of its obligations under any of the Documents; or

(c) to assess or keep under review on its behalf the financial condition, creditworthiness, affairs, status or nature of the Credit Parties.

(2) **No Fiduciary Obligations.** Each Lender acknowledges to the Agent that the Agent is not a fiduciary in respect of the Lender, and owes no fiduciary duties or obligations to the Lender under or by virtue of this Agreement or otherwise.

Section 12.9 Successor Agent

The Agent may resign at any time by giving written notice thereof to each of the Lenders and the Borrower. Upon any resignation, the Majority Lenders shall have the right to appoint a successor agent. If no successor agent has been appointed by the Majority Lenders and accepted that appointment within 30 days after the retiring agent gives notice of its resignation, then the retiring agent may, on behalf of the Lenders, appoint a successor agent. If no successor agent has been appointed pursuant to the foregoing within the 30 days following the giving of notice of resignation by the retiring agent, the resignation shall nonetheless then become effective and the Majority Lenders shall perform the duties of agent hereunder until they appoint a successor agent. Any successor agent appointed under this Section 12.9 shall be a Lender which has an office in Toronto, Ontario. Upon the acceptance of any appointment as agent by a successor agent, the successor agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring agent. Whether or not a successor agent has been appointed, the retiring agent shall be discharged from its duties and obligations under this Agreement upon its resignation becoming effective (including any obligations as Swing Line Lender). After any Person's resignation under this Agreement as the agent, the provisions of this Agreement shall continue in effect for its benefit and for the benefit of the Lenders in respect of any actions taken or omitted to be taken by the Person while it was acting as the agent.

The Swing Line Lender may, by notice to the Borrower and the Lenders, resign and terminate its obligations as Swing Line Lender if the Agent resigns or is otherwise replaced at any time. Upon the resignation of the Swing Line Lender, each Lender shall make an Advance by way of Prime Loans equal to its Rateable Portion of the Swing Line Loans outstanding at the time of the resignation, such Advances to be applied to fully repay the outstanding Swing Line Loans.

Section 12.10 Notices between the Lenders and the Agent

All notices by a Lender to the Agent shall be through the Agent's Branch of Account and all notices by the Agent to the Lender shall be through the Lender's Branch of Account.

Section 12.11 Relations with the Credit Parties

Each Lender may deal with each of the Credit Parties in any transaction not associated with this Agreement and generally conduct any other banking business with or provide any other financial services to the Credit Parties without having any liability to account to the other Lenders therefor. With respect to its Commitment as a Lender and its Rateable Portion of Advances, the Agent shall have the same rights and powers under this Agreement as any other Lender and may exercise them as though it were not the Agent. All communication between the Credit Parties and any Lender in connection with this Agreement and the other Documents shall be directed through the Agent.

Section 12.12 Reliance by Agent

The Agent shall be entitled to rely upon any writing, letter, notice, certificate, telex, telecopy, cable, statement, order or other document believed by the Agent to be genuine and correct and to have been signed, sent or made by the proper Person or Persons. With respect to legal matters, the Agent may (but is not obligated to) act upon advice of legal advisers selected by the Agent, including in-house counsel of the Agent, concerning all matters pertaining to this Agreement and the other Documents and the Agent's duties under this Agreement and the other Documents, and the Agent shall assume no responsibility and shall incur no liability to the any Credit Party or any Lender by reason of relying on any such document or acting on any such advice.

Section 12.13 Reimbursement of Agent's Expenses and Indemnity

Each Lender agrees to indemnify the Agent (to the extent not reimbursed by the Borrower) in accordance with its Rateable Portion from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any nature or kind whatsoever which may be imposed on, incurred by, or asserted against the Agent in that capacity in any way relating to or arising out of this Agreement or any other Document or any action taken or omitted by the Agent under this Agreement or any other Document except for those resulting from the Agent's gross negligence or wilful misconduct. Without limiting the generality of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for that Lender's Rateable Portion of out-of-pocket expenses (including the fees and disbursements of counsel) incurred by the Agent in connection with the determination or preservation of any rights or remedies of the Agent or the Lenders under, or the enforcement of, or legal advice in respect of rights, remedies or responsibilities under, this Agreement or the other Documents, to the extent that the Agent is not reimbursed for those expenses by the Borrower. The obligations of the Lenders under this Section 12.13 shall survive the repayment of all Advances and the termination of the Credit Facilities.

Section 12.14 Borrower's Right to Rely on Agent

Unless otherwise required hereunder, during the term of this Agreement, the Borrower shall be entitled to deal exclusively with the Agent and to rely on discussions with and instructions from the Agent in order to fulfil its obligations hereunder.

Section 12.15 Agent's Duty to Deliver Documents

The Agent shall promptly deliver to each of the Lenders, at their respective Branches of Account, all documents, papers, materials and other information as are furnished by the Credit Parties to the Agent on behalf of the Lenders under this Agreement, but shall have no other obligation to provide any Lender with any credit or other information whatsoever with respect to the Credit Parties and shall be under no obligation to inquire as to the performance by the Credit Parties of their obligations under this Agreement or any other Document.

Section 12.16 No Partnership

Nothing contained in this Agreement and no action taken pursuant to it shall be deemed to constitute the Lenders a partnership, association, joint venture or other similar entity.

Section 12.17 Adjustments Among Lenders

(1) **Adjustment After Exercise of Rights.** Each Lender agrees that, after the exercise of any rights pursuant to Section 10.2, it will at any time or from time to time, upon the request of the Agent, as required by any other Lender, purchase portions of the amounts due and owing to the other Lenders and make any other adjustments which may be necessary or appropriate so that the amounts due and owing to each Lender, as adjusted under this Section 12.17, will, as nearly as possible, reflect each Lender's Rateable Portion determined as at the date of this Agreement prior to the making of any Advance.

(2) **General Application.** For greater certainty, the Lenders acknowledge and agree that, without limiting the generality of the provisions of Section 12.17(1), those provisions will have application if and whenever any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off or otherwise) on account of any money owing or payable by the Borrower to it in excess of its Rateable Portion thereof determined as at the date of this Agreement prior to the making of any Advance.

(3) **Borrower Agreement.** The Borrower agrees to be bound by and to do all things necessary or appropriate to give effect to any and all purchases and other adjustments made by and between the Lenders under this Section 12.17 but shall incur no increased liabilities by reason thereof.

Section 12.18 Agent May Deal With Collateral

Each of the Lenders hereby directs, in accordance with the terms hereof, the Agent to release any Lien held by the Agent for the benefit of the Lenders against:

(a) all of the Collateral, upon termination of the Commitments and payment and satisfaction in full of all Obligations that the Agent has been notified in writing are then due and payable; and

(b) any part of the Collateral sold or disposed of by the Credit Parties if such sale or disposition is permitted by this Agreement (or permitted pursuant to a waiver or consent of a transaction otherwise prohibited by this Agreement if such waiver or consent is consented to by the Majority Lenders in accordance with the terms of this Agreement).

Each of the Lenders hereby directs the Agent to execute and deliver or file such termination and partial release statements and do such other things as are necessary to release Liens to be released pursuant to this Section 12.18 promptly upon the effectiveness of any such release. Each of the Lenders hereby authorizes and directs the Agent to execute and deliver any acknowledgments or agreements to a counterparty to a Hedge Contract with a Credit Party to provide confirmation of priority of Liens in cash or cash equivalent collateral held by such counterparty in accordance with Section 1.1(136)(v) of this Agreement over Liens in favour of the Agent pursuant to the Loan Documents. Each of the Lenders hereby (i) acknowledges that the Debentureholder Obligations are currently scheduled to mature on May 7, 2015, and (ii) authorizes and directs the Agent, in connection with any refinancing of the Debentureholder Obligations permitted under this Agreement, to execute and deliver any amended and restated or replacement Intercreditor Agreement (whether with the Trustee or a new trustee or agent) that is on the same or substantially similar terms as the existing Intercreditor Agreement (including, for greater certainty, with Debentureholder Obligations being in the same principal amount then outstanding and subject to the then existing Intercreditor Agreement).

Section 12.19 Indemnity of Agent

The Agent may refrain from exercising any right, power or discretion or taking any action to protect or enforce the rights of any Lender under this Agreement and the Documents until it has been indemnified or secured to its satisfaction against any and all costs, losses, expenses or liabilities (including legal fees) which it would or might sustain or incur as a result of the action or exercise.

Section 12.20 Agent May Debit Accounts

Each Credit Party authorizes and directs the Agent, in the Agent's discretion, to debit automatically, by mechanical, electronic or manual means, any bank account of such Credit Party maintained with Royal Bank (for so long as Royal Bank is Agent) for all amounts payable by such Credit Party under this Agreement or any other Document, including the repayment of principal and the payment of interest, fees and all charges for the keeping of that bank account. The Agent shall notify the Borrower as to the particulars of those debits in the normal course.

ARTICLE 13 – SUCCESSORS AND ASSIGNS

Section 13.1 Successors and Assigns Generally

The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (a) to an Eligible Assignee in accordance with

Section 13.2, (b) by way of participation in accordance with the provisions of Section 13.4, or (c) by way of pledge or assignment of a security interest subject to the restrictions of Section 13.6 (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 13.4 and, to the extent expressly contemplated hereby, the Related Parties of each of the Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

Section 13.2 Assignments by Lenders

Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Advances at the time owing to it); provided that:

(a) except (i) if an Event of Default has occurred and is continuing, or (ii) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Advances at the time owing to it, or (iii) in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment being assigned (which for this purpose includes Advances outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Advances of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $5,000,000, unless each of the Agent and, so long as no Default has occurred and is continuing, the Borrower otherwise consent to a lower amount (each such consent not to be unreasonably withheld or delayed);

(b) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned;

(c) any assignment must be approved by the Agent (such approval not to be unreasonably withheld or delayed) unless:

   (i) the proposed assignee is itself already a Lender; or

   (ii) the proposed assignee is a bank whose senior, unsecured, non-credit enhanced, long term debt is rated at least A3, A- or A low by at least two of Moody's, S & P and DBRS, respectively.

(d) any assignment must be approved by the Borrower (such approval not to be unreasonably withheld or delayed) unless (i) the proposed assignee is itself already a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender and, in each case, a resident of Canada for the purposes of Part XIII of the *Income Tax Act* (Canada), or (ii) a Default has occurred and is continuing;

(e) the parties to each assignment shall execute and deliver to the Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 and the Eligible Assignee, if it shall not already be a Lender, shall deliver to the Agent an Administrative Questionnaire in a form supplied by the Agent; and

(f) nothing in this Section shall prohibit the granting of an assignment by a Schedule I Lender to a Schedule II/III Lender notwithstanding that the Discount Rate applicable to Bankers' Acceptances issued by the Schedule II/III Lender may be higher than the Discount Rate applicable to Bankers' Acceptances issued by the Schedule I Lender.

Subject to acceptance and recording thereof by the Agent pursuant to Section 13.3, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement and the other Documents, including any Security Documents, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Section 4.8, Section 4.11 and Section 6.2, and shall continue to be liable for any breach of this Agreement by such Lender, with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 13.4. Any payment by an assignee to an assigning Lender in connection with an assignment or transfer shall not be or be deemed to be a repayment by the Borrower or a new Advance to the Borrower.

Section 13.3 Register

The Agent shall maintain at one of its offices in Toronto, Ontario a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amounts of the Advances owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

Section 13.4 Participations

Any Lender may at any time, without the consent of, or notice to, the Borrower or the Agent, sell participations to any Person (other than a natural person, a Credit Party or any Affiliate of a Credit Party) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Advances owing to it); provided that (a) such Lender's obligations under this Agreement shall remain unchanged, (b) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (c) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any payment by a Participant to a Lender in connection with a sale of a participation shall not be or be deemed to be a repayment by the Borrower or a new Advance to the Borrower.

Subject to Section 13.5, the Borrower agrees that each Participant shall be entitled to the benefits of Section 4.8, Section 4.11 and Section 6.2 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 13.2. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.5 as though it were a Lender, provided such Participant agrees to be subject to Section 11.4 as though it were a Lender.

Section 13.5 Limitations Upon Participant Rights

A Participant shall not be entitled to receive any greater payment under Section 4.8, Section 4.11 and Section 6.2 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent.

Section 13.6 Certain Pledges

Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, but no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

ARTICLE 14 – MISCELLANEOUS

Section 14.1 Amendments, Waivers, etc.

(1) **Binding Waiver.** Except as otherwise provided in this Section 14.1, no amendment, waiver, discharge or termination of any provision of this Agreement or any other Document, no waiver of any breach of any provision of this Agreement or any other Document, and no consent to any departure by a party from any provision of this Agreement, shall be:

(a) binding upon any Credit Party unless it is evidenced by an instrument in writing signed by such Credit Party; or

(b) binding upon the Agent and the Lenders unless it is approved in writing by the Agent and all Lenders or the Majority Lenders, as applicable.

Notwithstanding the foregoing, any amendment, waiver, discharge or termination may be validly effected by execution by the Agent and all Lenders or the Majority Lenders, as applicable, of an instrument in writing without requiring the execution of that instrument by any Credit Party, so long as the amendment, waiver, discharge or termination does not adversely affect the rights or obligations of the Borrower. The Agent shall forward a copy of the written instrument to the Borrower as soon as practicable following the execution thereof. The amendment, waiver or consent will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given.

(2) **Approval of All Lenders.** Where any amendment, waiver, discharge or termination relates to the following matters, the amendment, waiver, discharge or termination requires the approval of all Lenders:

(a) the rate or amount of any principal, interest or fees or any other amount payable by the Borrower or any alteration in the currency or mode of calculation or computation thereof;

(b) any extension or reduction of the time for any payments required to be made by the Borrower;

(c) any change in the Maturity Date;

(d) the types of Advances available;

(e) an increase in the Tranche I Commitment, the Tranche II Commitment, the Total Commitment or in any Lender's Commitment (other than in each case as contemplated in Section 3.6);

(f) an extension or reduction of the notice period required in connection with any Advance;

(g) the definition of Majority Lenders or any change in the number or percentage of Lenders required for the Lenders, or any of them, or the Agent, to take action;

(h) the nature and scope of the Security Documents;

(i) an assignment or transfer by any Credit Party of any of its rights and obligations under this Agreement; or

(j) any provision of this Section 14.1, or of Section 3.2, Section 5.3, Section 11.4 or Section 11.5.

Any other amendment, waiver, discharge or termination requires the approval of only the Majority Lenders, which approval, if obtained, shall be binding upon all the Lenders. In addition, no consent of the Agent under Sections 5.3(e) or 6.2(2) of the Intercreditor Agreement may be provided without the approval of the Majority Lenders.

(3) **Request for Approval.** If the approval of a Lender is required under this Section 14.1, the Agent shall advise the Lender in writing of the issue to be decided and, if the Agent determines in its sole discretion that it is appropriate to do so, request the Lender's approval of a course of action proposed by the Agent. In requesting a Lender's approval, the Agent may establish, in its discretion acting reasonably, a deadline by which the Lender shall respond to the Agent's request. If the Lender fails to respond by that deadline, that Lender's failure to respond shall be conclusive evidence of the disapproval by the Lender of the course of action proposed by the Agent. The Agent may, in its sole discretion and acting reasonably, extend the deadline set by the Agent by which the Lender shall respond to the Agent's request.

(4) **Amendment re Rights of Agent.** Any amendment or waiver of any provision of any Document which relates to the rights or obligations of the Agent shall require the written agreement of the Agent thereto.

(5) **Amendment re Rights of Swing Line Lender.** Any amendment or waiver of any provision of any Document which relates to the rights or obligations of the Swing Line Lender shall require the written agreement of the Swing Line Lender thereto.

Section 14.2 Notice

Unless otherwise specified, any notice or other communication required or permitted to be given to a party under this Agreement shall be in writing and may be delivered personally or sent by prepaid registered mail or by facsimile, to the address or facsimile number of the party set out beside its name at the foot of this Agreement to the attention of the Person there indicated or to such other address, facsimile number or other Person's attention as the party may have specified by notice in writing given under this Section 14.2. Any notice or other communication shall be deemed to have been given (1) if delivered personally, when received; (2) if mailed, subject to Section 14.3, on the fifth Business Day following the date of mailing; (3) if sent by facsimile, on the Business Day when the appropriate confirmation of receipt has been received if the confirmation of receipt has been received before 3:00 p.m. on that Business Day or, if the confirmation of receipt has been received after 3:00 p.m. on that Business Day, on the next succeeding Business Day; and (4) if sent by facsimile on a day which is not a Business Day, on the next succeeding Business Day on which confirmation of receipt has been received.

Section 14.3 Disruption of Postal Service

If a notice has been sent by prepaid registered mail and before the fifth Business Day after the mailing there is a discontinuance or interruption of regular postal service so that the notice cannot reasonably be expected to be delivered within five Business Days after the mailing, the notice will be deemed to have been given when it is actually received.

Section 14.4 Further Assurances

Each Credit Party shall from time to time promptly, upon the request of the Agent, take such action, and execute and deliver such further documents as may be reasonably necessary or appropriate to give effect to the provisions and intent of this Agreement.

Section 14.5 Liability of Limited Partners

The Limited Partnership is a limited partnership formed under the *Limited Partnerships Act* (Ontario), a limited partner of which, subject to such Act, is only liable for any of its liabilities to the extent of the amount that the limited partner has contributed or agreed to contribute to the limited partnership, as stated in the record of limited partners.

Section 14.6 Judgment Currency

If for the purpose of obtaining judgment in any court it is necessary to convert any amount owing or payable to the Agent or the Lenders under this Agreement from the currency in which it is due (the "**Agreed Currency**") into a particular currency (the "**Judgment Currency**"), the rate of exchange applied in that conversion shall be that at which the Agent, in accordance with its normal procedures, could purchase the Agreed Currency with the Judgment Currency at or about noon on the Business Day immediately preceding the date on which judgment is given. The obligation of the Borrower in respect of any amount owing or payable under this Agreement to the Agent or Lenders in the Agreed Currency shall, notwithstanding any judgment and payment in the Judgment Currency, be satisfied only to the extent that the Agent, in accordance with its normal procedures, could purchase the Agreed Currency with the amount of the Judgment Currency so paid at or about noon on the next Business Day following that payment; and if the amount of the Agreed Currency which the Agent could so purchase is less than the amount originally due in the Agreed Currency, the Borrower shall, as a separate obligation and notwithstanding the judgment or payment, indemnify the Agent and the Lenders against any loss.

Section 14.7 Waivers

No failure to exercise, and no delay in exercising, on the part of the Agent or any Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege shall preclude the exercise of any other right, remedy, power or privilege.

Section 14.8 Reimbursement of Expenses

The Credit Parties agree to: (1) pay or reimburse the Agent, as soon as practicable after demand therefor, for all of its reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of this Agreement and the other Documents, including any subsequent amendments of this Agreement or any other Document, the consummation and the administration of the transactions contemplated hereby and the determination of any responsibilities and rights hereunder, including the reasonable fees and disbursements of counsel to the Agent; and (2) pay or reimburse the Agent, as soon as practicable after demand therefor, for all its costs and expenses incurred in connection with the preservation and enforcement of any rights and remedies under this Agreement and the other Documents, including the reasonable fees and disbursements of its counsel. The obligations of Credit Parties under this Section 14.7 shall survive the repayment of all Advances and the termination of the Credit Facilities.

Section 14.9 Submission to Jurisdiction

Each of the parties irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Section 14.10 Counterparts

This Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument.

Section 14.11 Confidentiality

The Agent and the Lenders shall hold all non-public information obtained pursuant to or in connection with this Agreement or obtained by them based on a review of the books and records of any Credit Party in accordance with their customary procedures for handling confidential information of this nature, but may make disclosure to any of their examiners, regulators (including the Office of the Superintendent of Financial Institutions), Affiliates, outside auditors, counsel and other professional advisors in connection with this Agreement or as reasonably required by any potential *bona fide* Participant or Eligible Assignee, or in connection with the exercise of remedies under a Document, or as requested by any Governmental Authority or pursuant to legal process; provided, however, that:

(1) unless specifically prohibited by Applicable Law or court order, the Agent and each Lender shall promptly notify the Borrower of any request by any governmental agency or representative thereof (other than any such request in connection with an examination of the financial condition of the Agent or Lender by such Governmental Authority) for disclosure of any such non-public information and, where practicable, prior to disclosure of such information,

(2) prior to any such disclosure pursuant to this Section 14.11, the Agent or Lender, as the case may be, shall require any *bona fide* Participant and Eligible Assignee receiving a disclosure of non-public information to agree in writing

(a) to be bound by this Section 14.11; and

(b) to require such Person to require any other Person to whom such Person discloses such non-public information to be similarly bound by this Section 14.11.

(3) disclosure may, with the consent of the Agent and the Borrower, be made by any Lender to any direct or indirect contractual counter parties of such Lender in swap agreements or such contractual counter parties' professional advisors; provided that such contractual counter party or

professional advisor agrees in writing to keep such information confidential to the same extent required of the Lenders hereunder; and

(4) except as may be required by an order of a court of competent jurisdiction and to the extent set forth therein, no Lender shall be obligated or required to return any materials furnished by the Credit Parties.

[INTENTIONALLY LEFT BLANK]

The parties have executed this Agreement.

100 University Avenue
Suite 700
Toronto, Ontario
M5J 1V6

Fax: (416) 593-1300

FIRST NATIONAL FINANCIAL CORPORATION
as Borrower

By: ______________________
Name: Stephen Smith
Title: President

100 University Avenue
Suite 700
Toronto, Ontario
M5J 1V6

Fax: (416) 593-1300

FIRST NATIONAL FINANCIAL GP CORPORATION, in its capacity as general partner for and on behalf of FIRST NATIONAL FINANCIAL LP
as Credit Party

By: ______________________
Name: Stephen Smith
Title: President

100 University Avenue
Suite 700
Toronto, Ontario
M5J 1V6

Fax: (416) 593-1300

FIRST NATIONAL FINANCIAL GP CORPORATION
as Credit Party

By: ______________________
Name: Stephen Smith
Title: President

100 University Avenue
Suite 700
Toronto, Ontario
M5J 1V6

Fax: (416) 593-1300

FIRST NATIONAL ASSET MANAGEMENT INC.
as Credit Party

By: ______________________
Name: Stephen Smith
Title: President

Approved by Legal
Hilda Wong
Date 7/12/12

4th Floor, 20 King Street West,
Toronto, Ontario
M5H 1C4

Fax: (416) 842-4023

ROYAL BANK OF CANADA
as Agent

By: ______________________
Name: Ann Hurley
Title: Manager, Agency

Royal Bank Plaza
200 Bay Street
4th Floor, South Tower
Toronto, Ontario
M5J 2W7

Fax: (416) 842-5320

ROYAL BANK OF CANADA
as Lender

By: ______________________
Name: MARIA LEWIS
Title: AUTHORIZED SIGNATORY

1 First Canadian Place
24th Floor
Toronto, Ontario
M5X 1A1

Fax: (416) 956-2324

BANK OF MONTREAL
as Lender

By: ______________________
Name: G. Gauthier
Title: Director

40 King Street West
Scotia Plaza, 62nd Floor
Toronto, ON M5W 2X6

Fax: (416) 933-7399

THE BANK OF NOVA SCOTIA
as Lender

By: ______________________________
Name: Paul Girvan
Title: Director

TD Tower
66 Wellington Street West – 8th Floor
Toronto, Ontario
M5K 1A2

Fax: (416) 944-5164

THE TORONTO-DOMINION BANK
as Lender

By: ______________________________
Name: **Ryan Davis**
Title: **Vice President**

Matt Hendel
Managing Director

595 Bay Street, 5th Floor
Toronto, ON
M5G 2C2

Fax: 416-980-5855

CANADIAN IMPERIAL BANK OF COMMERCE
as Lender

By: Rkhanna

Name: RAJ KHANNA
Title: Executive Director

Peter Dimakarakos
Executive Director

6th Floor, 444 – 7th Avenue S.W.
Calgary, AB
T2P 0X8

Fax: 403-974-5191

ALBERTA TREASURY BRANCHES
as Lender

By: ______________________________
Name: Tim Gillespie
Title: Vice-President Commercial Group

130 King Street West, Suite 3200
Toronto, ON
M5X 1J3

Fax: 416-869-6545

NATIONAL BANK OF CANADA
as Lender

By: Ben Ciallella
Name: Ben Ciallella
Title: Managing Director

By: Ian Gillespie
Name: Ian Gillespie
Title: Managing Director

Schedule 1.1(17) – Assignment and Assumption

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [Insert name of Assignor] (the "Assignor") and [Insert name of Assignee] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Credit Agreement**"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Agent as contemplated below (a) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any letters of credit, guarantees, and swingline loans included in such facilities) and (b) to the extent permitted to be assigned under Applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan-transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (a) above (the rights and obligations sold and assigned pursuant to clauses (a) and (b) above being referred to herein collectively as, the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: ______________________________

2. Assignee: ______________________________
[and is an Affiliate/Approved Fund of [*identify Lender*][1]]

3. Borrower(s): ______________________________

---

[1] Select as applicable.

4. Agent: Royal Bank of Canada
as the agent under the Credit Agreement

5. Credit Agreement: The Credit Agreement made as of December 13, 2012 among First National Financial Corporation, as Borrower, First National Financial LP, First National Financial GP Corporation, First National Asset Management Inc. and the other credit parties thereto from time to time, as Credit Parties, the financial institutions and other entities from time to time party thereto, as Lenders, Royal Bank of Canada, as Agent and Lead Arranger, Bank of Montreal, as Syndication Agent, and The Toronto-Dominion Bank, as Documentation Agent, as amended, restated, supplemented, replaced or otherwise modified from time to time

6. Assigned Interest:

Credit Tranche Advances Assigned	Aggregate Amount of Commitment for all Lenders[2]	Amount of **[Tranche I Commitment/Tranche II Commitment]** Assigned	Percentage Assigned of **[Tranche I Commitment/Tranche II Commitment]**	CUSIP Number
	$	$	%	
	$	$	%	
	$	$	%	

7. Trade Date: ______________________][3]

[INTENTIONALLY LEFT BLANK]

[2] Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

[3] To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: ________________, 20___ [TO BE INSERTED BY AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: ______________________________
Title

ASSIGNEE
[NAME OF ASSIGNEE]

By: ______________________________
Title

[Consented to and][4] Accepted:

ROYAL BANK OF CANADA
as Agent

By: ______________________________
Title

[Consented to][5]

[NAME OF RELEVANT PARTY]

By: ______________________________
Title

[4] To be added only if the consent of the Agent is required by the terms of the Credit Agreement.

[5] To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

ANNEX 1 to Assignment and Assumption

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. **Representations and Warranties.**

(a) Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Documents or any collateral thereunder, (iii) the financial condition of the Borrower or any other Credit Party, any of their Subsidiaries or Affiliates or any other Person obligated in respect of any Document or (iv) the performance or observance by the Borrower or any other Credit Party, any of their Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Document.

(b) Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Agent or any other Lender, and (v) as of the Effective Date, it is a resident of Canada for the purposes of Part XIII of the *Income Tax Act* (Canada); and (b) agrees that (i) it will, independently and without reliance on the, continue to make its own credit decisions in taking or not taking action under the Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law governing the Credit Agreement.

Schedule 1.1(21) – Bankers' Acceptance

	BANKER'S ACCEPTANCE	No. ______________
To: ______________________ Bank	Due: ______________ ______________ 20_______	
______________________ Address	______________________ days after date (without grace)	
ACCEPTED	For value received pay to the order of the undersigned drawer the sum of Cdn$________________________________	
______________________ Payable At	______________________ Dollars	$
______________________		
______________________	Value Received and Charge to the Account of:	
For ______________________	______________________________________	
______________________ Authorized Signature	Per ______________________________	
______________________ Authorized Signature	Per ______________________________	

If appropriate, insert the following on the face:

This is a depository bill subject to the *Depository Bills and Notes Act.*

Schedule 1.1(25) – Borrowing Base Certificate

Date

Royal Bank of Canada, as Agent
RBC Agency Services Group
4th Floor, 20 King Street West
Toronto, Ontario
M5H 1C4

Attention: Manager – Agency

Dear Sirs/Mesdames:

Re: First National Financial Corporation
Month ended ________________.

I, ________________________, in my capacity as ____________________________ of First National Financial Corporation (the "**Borrower**"), hereby certify on behalf of the Borrower and without personal liability that:

1. I am familiar with and have examined the provisions of the credit agreement made as of December 13, 2012 between the Borrower, the Credit Parties party thereto, Royal Bank of Canada, as Agent and Lead Arranger, the Lenders party thereto, Bank of Montreal, as Syndication Agent, and The Toronto-Dominion Bank, as Documentation Agent, as amended, restated, supplemented or otherwise modified from time to time (the "**Credit Agreement**") and have made such reasonable investigations of corporate records and reasonable inquiries of other officers and senior personnel of the Borrower which in my opinion are sufficient to enable me to make an informed statement herein. Capitalized terms used and not defined in this certificate shall have the meanings given to them in the Credit Agreement and all section references, unless stated otherwise, shall be references to sections of the Credit Agreement.

2. Based on the foregoing and as of ____________________________ **[insert last day of month to which this certificate relates]**:

   (a) The **Tranche I Borrowing Base** is__________, calculated, without duplication, as follows (excluding NHA – MBS Repurchase Collateral for the period during which any related NHA-MBS Repurchase Loan has not been irrevocably and indefeasibly paid in full and cancelled):

   (i) Principal amount of Pooled Mortgages __________

   (ii) Pooled Mortgages held in excess of 90 days from the Origination Date __________

   (iii) Applicable Deposits __________

(iv)	Applicable Reserves	__________
(v)	(i) minus the sum of (ii), (iii) and (iv)	A__________
(vi)	Principal amount of Inventory Mortgages	__________
(vii)	Inventory Mortgages held in excess of 60 days from the Origination Date	__________
(viii)	Applicable Deposits	__________
(ix)	Applicable Reserves	__________
(x)	(vi) minus the sum of (vii), (viii) and (ix)	B__________
(xi)	Good Accounts Receivable	__________
(xii)	75% of (xi)	C__________
(xiii)	Securitization Interest Spread	__________
(xiv)	60% of (xiii)	D__________
(xv)	Deferred Placement Fees Receivables	__________
(xvi)	75% of (xv)	E__________
(xvii)	90% of the principal amount of Single Family Dwelling Secured Notes	__________
(xviii)	Single Family Dwelling Secured Notes held in excess of 60 days from the Origination Date	__________
(xix)	Applicable Deposits	__________
(xx)	Applicable Reserves	__________
(xxi)	(xvii) less the sum of (xviii), (xix) and (xx)	F__________
(xxii)	Eligible Bridge/Mezzanine Mortgage Loans up to a maximum amount in each case of the Applicable Percentage multiplied by the lesser of (x) the principal amount, (y) 80% of the Appraised Value of the mortgaged property less any prior charge and (z) Cdn$4,000,000	__________
(xxiii)	$60,000,000	__________
(xxiv)	the lesser of (xxii) and (xxiii)	__________
(xxv)	Applicable Deposits	__________
(xxvi)	Applicable Reserves	__________
(xxvii)	(xxiv) less (xxv) and (xxvi)	G__________
(xxviii)	Sum of A through G	__________

(xxix)	Debentures Reserve (to the extent not deducted in calculating the Tranche II Borrowing Base)	__________
(xxx)	Hedging Reserve (to the extent not deducted in calculating the Tranche II Borrowing Base)	__________
(xxxi)	Preferred Claims (to the extent not deducted in calculating the Tranche II Borrowing Base)	__________
(xxxii)	(xxviii) less sum of (xxix), (xxx) and (xxxi)	__________
(xxxiii)	Unmargined Advance Amount	$10,000,000
(xxxiv)	Total Tranche I Commitment	__________
(xxxv)	**Tranche I Borrowing Base:** Lesser of (1) the sum of (xxxii) plus (xxxiii) and (2) (xxxiv)	__________
(xxxvi)	Outstanding Tranche I Advances (including Swing Line Loans)	__________
(xxxvii)	**surplus (deficit)**: (xxxv) minus (xxxvi)	__________

For greater certainty, if there is any conflict or inconsistency in the categories listed above and the definition of Tranche I Borrowing Base in the Credit Agreement, the Credit Agreement shall prevail.

(b) The **Tranche II Borrowing Base** is__________, calculated, without duplication, as follows (excluding NHA – MBS Repurchase Collateral for the period during which any related NHA-MBS Repurchase Loan has not been irrevocably and indefeasibly paid in full and cancelled):

(i)	Principal amount of Pooled Mortgages (other than Pooled Mortgages that are Conventional First Mortgages)	__________
(ii)	Pooled Mortgages (other than Pooled Mortgages that are Conventional First Mortgages) held in excess of 180 days from the Origination Date	__________
(iii)	Applicable Deposits	__________
(iv)	Applicable Reserves	__________
(v)	(i) minus the sum of (ii), (iii) and (iv)	A__________
(vi)	Principal amount of Inventory Mortgages (other than Inventory Mortgages that are Conventional First Mortgages)	__________

(vii)	Inventory Mortgages (other than Inventory Mortgages that are Conventional First Mortgages) held in excess of 120 days from the Origination Date	________
(viii)	Applicable Deposits	________
(ix)	Applicable Reserves	________
(x)	(vi) minus the sum of (vii), (viii) and (ix)	B________
(xi)	Sum of A plus B	________
(xii)	Debentures Reserve (to the extent not deducted in calculating the Tranche I Borrowing Base)	________
(xiii)	Hedging Reserve (to the extent not deducted in calculating the Tranche I Borrowing Base)	________
(xiv)	Preferred Claims (to the extent not deducted in calculating the Tranche I Borrowing Base)	________
(xv)	(xi) less the sum of (xii) plus (xiii) plus (xiv)	________
(xvi)	Total Tranche II Commitment	________
(xvii)	**Tranche II Borrowing Base:** Lesser of (xv) and (xvi)	________
(xviii)	Outstanding Tranche II Advances	________
(xix)	**surplus (deficit)**: (xvii) minus (xviii)	________

For greater certainty, if there is any conflict or inconsistency in the categories listed above and the definition of Tranche II Borrowing Base in the Credit Agreement, the Credit Agreement shall prevail.

(c) Detailed calculations and/or summaries in support of the calculation of the Tranche I Borrowing Base and the Tranche II Borrowing Base, including, without limitation, detailed listings of Pooled Mortgages, Inventory Mortgages, Single Family Dwelling Secured Notes, Eligible Bridge/Mezzanine Mortgage Loans, Securitized Mortgages and Deferred Placement Fees Receivables and details/calculations of Preferred Claims, Good Accounts Receivable, Securitization Interest Spread (including, without limitation, details of the assumptions relied upon with respect to prepayment rate, discount rate, spread and credit losses) and NHA – MBS Repurchase Loans are set forth in the addendums hereto and are hereby certified to be true and correct in all material respects.

(d) The aggregate principal amount of NHA – MBS Repurchase Loans is C$______________ and the aggregate principal amount of the NHA – MBS Repurchase Collateral is C$_______________, none of which is included in the Tranche I Borrowing Base or the Tranche II Borrowing Base.

3. At no time during the month ended ____________ to which this certificate relates, was the aggregate principal amount of all outstanding (i) Tranche I Advances, including Swing Line Loans, greater than the Tranche I Borrowing Base at the time of determination or (ii) Tranche II Advances greater than the Tranche II Borrowing Base at the time of determination.

4. As of the date of this certificate no Default or Event of Default has occurred and is continuing.

5. At no time during the month ended ____________ to which this certificate relates, was the aggregate principal amount of all NHA – MBS Repurchase Loans greater than C$950,000,000.

6. No asset included in any class of assets for the purpose of calculating the Tranche I Borrowing Base or the Tranche II Borrowing Base has been included with any other class of assets. No Pooled Mortgages or Inventory Mortgages included in the Tranche I Borrowing Base have been included in the Tranche II Borrowing Base.

FIRST NATIONAL FINANCIAL CORPORATION

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

Schedule 1.1(26) – Branches of Account

Lender	**Branch of Account**
Royal Bank of Canada	20 King Street West 7th Floor Toronto, Ontario M5H 1C3 Attention: Barbara Lee Fax: (416) 955-5929
Bank of Montreal	Global Financing Services 19th Floor, First Canadian Place Toronto, Ontario M5X 1A1 Attention: Pamela Phagoo/Eileen Hutchinson Fax: (416) 360-6850
The Bank of Nova Scotia	Wholesale Banking Operations Loan Administration and Agency Services 720 King Street West, 2nd Floor Toronto, Ontario M5V 2T3 Attention: Nancy Buccat Fax: (416) 866-5991
The Toronto-Dominion Bank	55 King Street West at Bay Street Toronto, Ontario M5K 1A2 Transit #/Account #0360-01-2301253 Attention: Ryan Davis Fax: (416) 944-5164 Attention: John Pineda Fax: (416) 983-0003
Canadian Imperial Bank of Commerce	595 Bay Street, 5th Floor Toronto, Ontario Transit #00002/Account #09-55515 Attention: Sarah Hossenbux Fax: (416) 980-5855 Attention: Maggie Yang Fax: (416) 980-5855

Alberta Treasury Branches	6th Floor, 444 – 7th Avenue S.W. Calgary, AB T2P 0X8 Transit #/Account # 021907609/00014392100 Attention: Kris Renger Fax: 403-663-3160
National Bank of Canada	150 York Street Toronto, ON M5H 3S5 Transit #/Account# //CC000614171/0288120 Attention: Colin Quintal Fax: 416-864-7878

Schedule 1.1(42) – Commitments

Lender	Total Tranche I Commitment (Cdn$)	Total Tranche II Commitment (Cdn$)	Swing Line Commitment (as subset of Tranche I Commitment) (Cdn$)	Total Commitment (Cdn$)
Royal Bank of Canada	[redacted]	[redacted]	[redacted]	[redacted]
Bank of Montreal	[redacted]	[redacted]	[redacted]	[redacted]
The Toronto-Dominion Bank	[redacted]	[redacted]	[redacted]	[redacted]
Canadian Imperial Bank of Commerce	[redacted]	[redacted]	[redacted]	[redacted]
The Bank of Nova Scotia	[redacted]	[redacted]	[redacted]	[redacted]
Alberta Treasury Branches	[redacted]	[redacted]	[redacted]	[redacted]
National Bank of Canada	[redacted]	[redacted]	[redacted]	[redacted]
Total	$272,500,000	$272,500,000	$50,000,000	$545,000,000

Schedule 1.1(44) – Compliance Certificate

Date

Royal Bank of Canada, as Agent
RBC Agency Services Group
4th Floor, 20 King Street West
Toronto, Ontario
M5H 1C4

Attention: Manager – Agency

Dear Sirs/Mesdames:

Re: First National Financial Corporation
Fiscal [Quarter/Year] ended ________________.

I, __________________________, in my capacity as ______________________________ of First National Financial Corporation (the "**Borrower**"), hereby certify on behalf of the Borrower and without personal liability that:

(1) I am familiar with and have examined the provisions of the credit agreement made as of December 13, 2012 between the Borrower, the Credit Parties party thereto, Royal Bank of Canada, as Agent and Lead Arranger, the Lenders party thereto, Bank of Montreal, as Syndication Agent, and The Toronto-Dominion Bank as Documentation Agent, as amended, restated, supplemented or otherwise modified from time to time (the **"Credit Agreement"**) and have made such reasonable investigations of corporate records and reasonable inquiries of other officers and senior personnel of the Borrower which in my opinion are sufficient to enable me to make an informed statement herein. Capitalized terms used and not defined in this certificate shall have the meanings given to them in the Credit Agreement and all section references, unless stated otherwise, shall be references to sections of the Credit Agreement.

(2) Based on the foregoing and as of the date of this certificate:

(a) the representations and warranties of the Borrower contained in the Credit Agreement are true and correct when made or deemed to be made under the Credit Agreement [(**except to the extent of any breach of representation and warranty that constitutes a Default or Event of Default, a description of which is attached hereto**)];

(b) no Default or Event of Default has occurred and is continuing [other than any Default or Event of Default, a description of which is attached hereto];

(c) the covenants contained in the Credit Agreement have not been breached and I am not aware of any financial or other information which leads me to believe that any of such covenants will be breached during the next Fiscal Quarter of the Borrower; and

(d) the outstanding Hedge Contracts of the Credit Parties for which the Credit Parties have provided cash or cash equivalent collateral pursuant to Section 1.1(135)(v) of this Agreement are: **[Note: Set out details of Hedge Contracts and cash collateral here or in attached schedule.]**

(3) **Tangible Net Worth (Section 9.3(1)).** As of the end of the Fiscal Quarter ended_______ __________________ (last day of most recently ended Fiscal Quarter) Tangible Net Worth of the Borrower on a consolidated basis was Cdn$__________, calculated as follows:

(a)	share capital	__________
(b)	retained earnings (other than earnings arising from a revaluation of assets) or deficit	__________
(c)	contributed surplus	__________
(d)	**Equity** (Sum of (a), (b) and (c))	__________
(e)	Subordinated Debt	__________
(f)	Advances to security holders or employees	__________
(g)	investments in Affiliates (other than Subsidiaries)	__________
(h)	Goodwill	__________
(i)	other intangibles	__________
(j)	**Tangible Net Worth** (sum of (d) and (e) less the sum of (f), (g), (h) and (i))	__________

On a consolidated basis Tangible Net Worth must be not less than Cdn$200,000,000.

(4) **Ratio of Funded Debt to Tangible Net Worth (Section 9.3(2)).** As of the end of the Fiscal Quarter ended____ (last day of most recently ended Fiscal Quarter) the ratio of Funded Debt to Tangible Net Worth of the Borrower, calculated on a consolidated basis, was _____:1, calculated as follows:

(a)	all obligations for borrowed money which bears interest or to which interest is imputed	__________
(b)	to the extent not included under the foregoing, all obligations for the deferred payment of the purchase price of any property	__________
(c)	to the extent not included under any of the foregoing, all indebtedness under Capital Leases	__________

(d)	to the extent not included under any of the foregoing, all indebtedness secured by purchase money security interests	________
(e)	the aggregate of the Net Hedging Liabilities owing by any Credit Party less any cash or cash equivalent collateral held by the Lenders therefor	________
(f)	Subordinated Debt	________
(g)	NHA - MBS Repurchase Loans	________
(h)	**Funded Debt** (Sum of (a) to (e) less (f) and (g))	________
(i)	**Tangible Net Worth** (from 3 (j) above)	________
(j)	**Ratio of Funded Debt to Tangible Net Worth** ((h) ÷ (i))	________:1

On a consolidated basis, the above ratio must not be greater than 4.00:1.

(5) **Ratio of Adjusted Funded Debt to Tangible Net Worth (Section 9.3(3)).** As of the end of the Fiscal Quarter ended (last day of most recently ended Fiscal Quarter) the ratio of Adjusted Funded Debt to Tangible Net Worth of the Borrower, calculated on a consolidated basis, was___:1, calculated as follows:

	(a)	**Funded Debt** (from 4 (h) above)	________
	(b)	NHA - MBS Repurchase Loans	________
	(c)	**Adjusted Fund Debt** ((a) plus (b))	________
	(d)	**Tangible Net Worth** (from 3 (j) above)	________
	(e)	**Ratio of Adjusted Funded Debt to Tangible Net Worth** ((c) ÷ (d))	________:1

On a consolidated basis, the above ratio must not be greater than 7.00:1.

(6) **Distributions**

(a) As of the end of the Fiscal Quarter ended _______ (last day of most recently ended Fiscal Quarter) the aggregate Distributions by the Limited Partnership, calculated for the immediately preceding 12 month period, were _______________, being less than Permitted Distributions, calculated for such period for the Limited Partnership, as follows:

(a)	Consolidated net income (excluding extraordinary gains or losses) for the period	______
(b)	Interest expense deducted for the period	______
(c)	Income taxes deducted for the period	______
(d)	Depreciation, depletion and amortization expense	______
(e)	EBITDA for the period (sum of (a) to (d))	______
(f)	payments of principal on account of Debt during such period other than payments on account of the Credit Facilities or funded by Debt permitted under Section 9.2(3)	______
(g)	cash Interest Expense paid during the period	______
(h)	Capital Expenditures which are not funded by Debt permitted under Section 9.2(3) and expenditures relating to incentive or compensation plans to management and other personnel made during the period (to the extent not deducted in determining EBITDA for the period)	______
(i)	cash taxes paid during the period	______
(j)	reserve for costs and expenses in activities and operations	______
(k)	reserve for working capital and contingencies, maintenance and other Capital Expenditures and stabilization of distributions	______
(l)	Distributable Cash Surplus	______
(m)	**Permitted Distributions** for the period ((e) less the sum of (f) to (k), plus (l))	______

(7) As of the end of the Fiscal Quarter ended____ (last day of most recently ended Fiscal Quarter):

(a) the total amount securitized under the NHA-MBS program is Cdn$__________;

(b) the total amount securitized under the Commercial Paper Program is Cdn$____.

(c) annexed hereto is a true, accurate and complete internally generated 12 month summary of delinquencies/arrears as a percentage of portfolio dollar balances for each of both residential and commercial mortgages of the Credit Parties.

FIRST NATIONAL FINANCIAL CORPORATION

By: ______________________________
Name:
Title:

Schedule 1.1(62) – Discount Note

Cdn$ _____________ Date

FOR VALUE RECEIVED, the undersigned unconditionally promises to pay on _____________, ______, to or to the order of ______________________________ (the "**Holder**"), the sum of Cdn$_____________ with no interest thereon.

The undersigned hereby waives presentment, protest and notice of every kind and waives any defences based upon indulgences which may be granted by the Holder to any party liable hereon and any days of grace.

This promissory note evidences a BA Equivalent Loan, as defined in the credit agreement made as of December 13, 2012 between First National Financial Corporation, as the Borrower, the Credit Parties party thereto, Royal Bank of Canada, as Agent and Lead Arranger, the Lenders party thereto, Bank of Montreal, as Syndication Agent, and The Toronto-Dominion Bank as Documentation Agent, as amended, restated, supplemented and otherwise modified from time to time (the "**Credit Agreement**") and constitutes indebtedness to the Holder arising under the BA Equivalent Loan. Payment of this note shall be made at the offices of • at •, Toronto, Ontario. Capitalized terms used and not defined herein have the meanings given to them in the Credit Agreement.

•

By: ______________________________
Name:
Title:

Schedule 1.1(136) – Permitted Liens

NIL.

Schedule 2.1(10) – Locations of Assets; Chief Executive Office

Chief Executive Office of each Credit Party:
100 University Avenue
Suite #700, North Tower
Toronto, Ontario
M5J 1V6

Location of Assets of the Borrower:
100 University Avenue
Suite #700, North Tower
Toronto, Ontario
M5J 1V6

Location of Assets of Limited Partnership:
100 University Avenue
Suite #700, North Tower
Toronto, Ontario
M5J 1V6

Suite 200, 1090 Homer Street
Vancouver, British Columbia
V6B 2W9

800 – 5th Avenue S.W.
Suite 600
Calgary, AB
T2P 3P2

2000 Peel Street
Suite 200
Montreal, Quebec
H3A 2W5

647 Bedford Highway, Suite 101
Halifax, NS
B3M OA5

Location of Assets of General Partner:
100 University Avenue
Suite #700, North Tower
Toronto, Ontario
M5J 1V6

Schedule 2.1(16) – Canadian Benefit and Pension Plans

Canadian Pension Plans

None.

Canadian Benefit Plans

The following is a list of Canadian Benefit Plans:

The Limited Partnership's drug benefit plan is provided by Emergis/Assure. Group/Policy # 15310

The Limited Partnership's extended health, hospital, dental and vision benefit plans are provided by Sun Life Financial

The Limited Partnership's out-of-country benefit plan is administered by europ assistance. Group/Policy # 15310

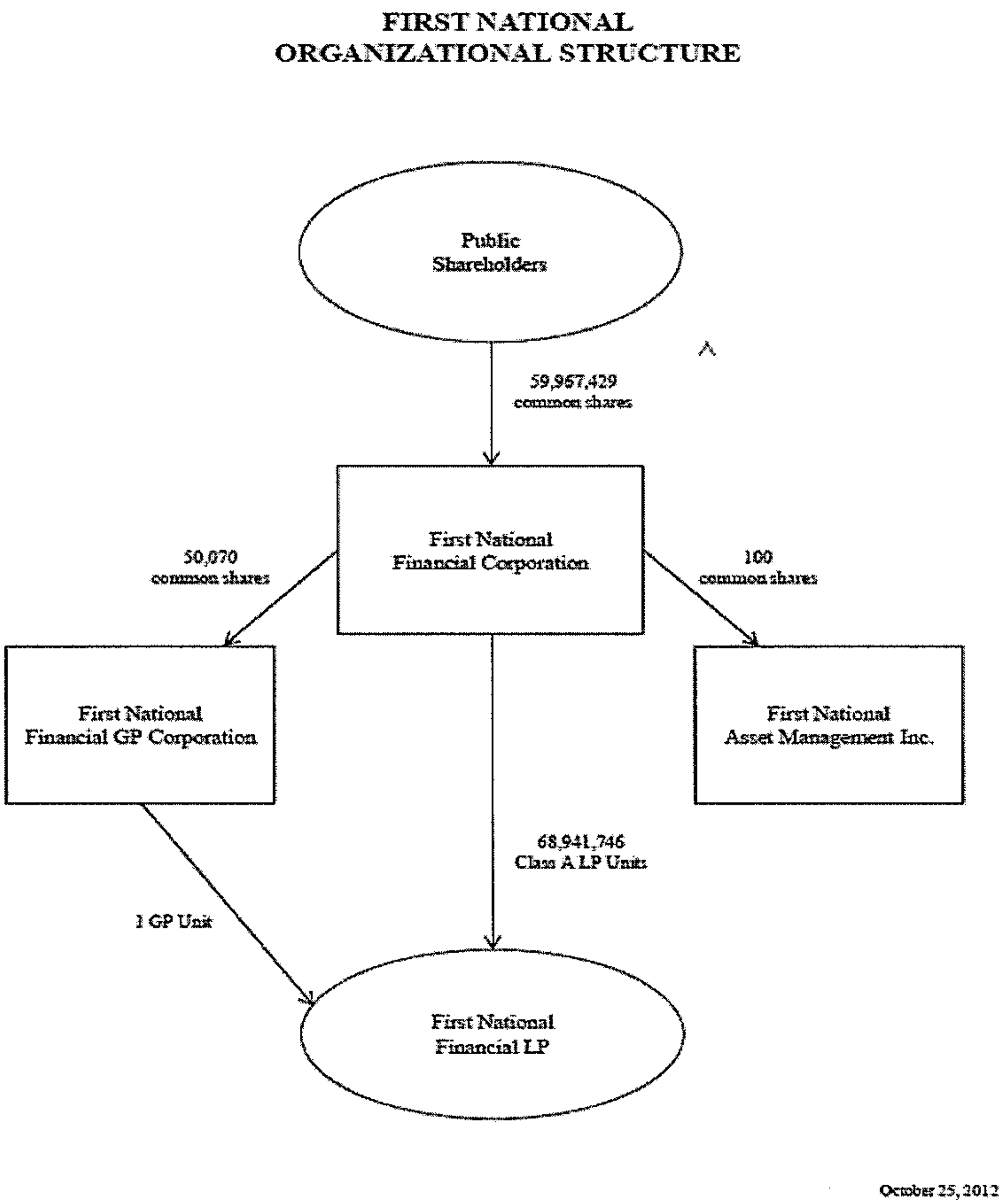
The Limited Partnership's life, accidental death and dismemberment and long-term disability benefit plans are provided by Equitable Life Insurance Company of Canada. Plan ID#811942

The Limited Partnership's employee assistance program is provided by Ceridian Lifeworks Employee Assistance Program.

The Limited Partnership has an employee matching program through The Great West Life/London Life Assurance Company – Group Retirement Services. Group Policy # 63692

The Limited Partnership's short term disability plan is provided by Acclaim Ability Management

Schedule 2.1(20) – Corporate Organization Chart



Schedule 3.4(1) – Notice of Requested Advance

Date

Royal Bank of Canada, as Agent
RBC Agency Services Group
4th Floor, 20 King Street West
Toronto, Ontario
M5H 1C4

Attention: Manager – Agency

Dear Sirs/Mesdames:

We refer to Section 3.4 of the credit agreement made as of December 13, 2012 between First National Financial Corporation, as the Borrower, the Credit Parties party thereto, Royal Bank of Canada, as Agent and Lead Arranger, the Lenders party thereto, Bank of Montreal, as Syndication Agent, and The Toronto-Dominion Bank, as Documentation Agent, as amended, restated, supplemented or otherwise modified from time to time (the "**Credit Agreement**"). Capitalized terms used and not defined herein have the meanings given to them in the Credit Agreement.

We hereby confirm our request for an Advance as follows:

(a) **Prime Loan** under **[Tranche I/Tranche II]** for drawdown on ____________ in the amount of Cdn$____.

(b) Issue of **Bankers' Acceptances** under **[Tranche I/Tranche II]** as follows:

Issue Date ____________
Total Face Amount $____________
Contract Period of ____________ months terminating on ____________.

[Insert payment instructions if payment to be made other than to Borrower's Account]

The Borrower hereby represents and warrants that the conditions contained in Section 8.2 of the Credit Agreement have been satisfied and will be satisfied as of the date hereof and before and after giving effect to the Advance requested herein on the applicable Drawdown Date.

Yours truly,

FIRST NATIONAL FINANCIAL CORPORATION

By: ______________________________
Name:
Title:

Schedule 3.5 – Notice of Repayment

Date

Royal Bank of Canada, as Agent
RBC Agency Services Group
4th Floor, 20 King Street West
Toronto, Ontario
M5H 1C4

Attention: Manager - Agency

Dear Sirs/Mesdames:

We refer to Section 3.5 of the credit agreement made as of December 13, 2012 between First National Financial Corporation, as the Borrower, the Credit Parties party thereto, Royal Bank of Canada, as Agent and Lead Arranger, the Lenders party thereto, Bank of Montreal, as Syndication Agent, and The Toronto-Dominion Bank, as Documentation Agent, as amended, restated, supplemented or otherwise modified from time to time (the "**Credit Agreement**"). Capitalized terms used and not defined herein have the meanings given to them in the Credit Agreement.

We hereby give you irrevocable notice that we shall repay certain of the Advances under **[Tranche I/Tranche II]** as follows (repeat for each Advance to be repaid):

1. Date of repayment ________/________/________.

2. Aggregate amount of repayment of $_________________ under **[Tranche I/Tranche II]** in accordance with the following:

   Prime Loans of Cdn$ ______________________________ under [**Tranche I/Tranche II**]
   Bankers' Acceptances of Cdn$_______________________ under [**Tranche I/Tranche II**]

Yours truly,

FIRST NATIONAL FINANCIAL CORPORATION

By: ________________________________
Name:
Title:

Schedule 3.6 – Commitment Increase

Royal Bank of Canada, as Agent
RBC Agency Services Group
4th Floor, 20 King Street West
Toronto, Ontario
M5H 1C4

Attention: Manager – Agency

Dear Sirs/Mesdames:

We refer to Section 3.6 of credit agreement made as of December 13, 2012 between First National Financial Corporation, as the Borrower, the Credit Parties party thereto, Royal Bank of Canada, as Agent and Lead Arranger, the Lenders party thereto, Bank of Montreal, as Syndication Agent, and The Toronto-Dominion Bank, as Documentation Agent, as amended, restated, supplemented or otherwise modified from time to time (the "**Credit Agreement**"). Capitalized terms used and not defined herein have the meanings given to them in the Credit Agreement.

We hereby confirm our request for an increase of Cdn$____________________ in the **[Total Tranche I Commitment/Total Tranche II Commitment]** pursuant to Section 3.6(1). After giving effect to the increase the Total Tranche I Commitment, the Total Tranche II Commitment and the Total Commitment shall be $______________________, $______________________, and $__________________, respectively.

We hereby certify at the time of this Increase Notice and after giving effect to the increase in the **[Total Tranche I Commitment/Total Tranche II Commitment]** and the Total Commitment provided for herein, no Default or Event of Default has or will have occurred and is or will be continuing.

Yours truly,

FIRST NATIONAL FINANCIAL CORPORATION

By: ______________________________
Name:
Title:

Schedule 3.7(8) – Notice of Rollover of Bankers' Acceptances

Date

Royal Bank of Canada, as Agent
RBC Agency Services Group
4th Floor, 20 King Street West
Toronto, Ontario
M5H 1C4

Attention: Manager - Agency

Dear Sirs/Mesdames:

We refer to Section 3.7(8) of the credit agreement made as of December 13, 2012 between First National Financial Corporation, as the Borrower, the Credit Parties party thereto, Royal Bank of Canada, as Agent and Lead Arranger, the Lenders party thereto, Bank of Montreal, as Syndication Agent, and The Toronto-Dominion Bank, as Documentation Agent, as amended, restated, supplemented or otherwise modified from time to time (the "**Credit Agreement**"). Capitalized terms used and not defined herein have the meanings given to them in the Credit Agreement.

We hereby confirm that the following Bankers' Acceptances are to be rolled over in accordance with Section 3.7(8) of the Credit Agreement by the issuance of new Bankers' Acceptances on the current maturity date with the new maturity date specified below:

1. The following Bankers' Acceptances under **[Tranche I/Tranche II]**:

   (i) Aggregate face amount of maturing Bankers' Acceptances Cdn$____________________.

   (ii) Current maturity date __________/__________/__________.
   Day Month Year

   (iii) New Aggregate face amount Cdn$____________________.

   (iv) New Contract Period __________ months.

   (v) New maturity date __________/__________/__________.
   Day Month Year

2. The Borrower hereby represents and warrants that the conditions contained in Section 8.2 of the Credit Agreement have been satisfied and will be satisfied as of the date hereof and before and after giving effect to such Rollover on the applicable Rollover Date.

Yours truly,

FIRST NATIONAL FINANCIAL CORPORATION

By: ______________________________
Name:
Title:

Schedule 3.9 – Conversion Option Notice

Date

Royal Bank of Canada, as Agent
RBC Agency Services Group
4th Floor, 20 King Street West
Toronto, Ontario
M5H 1C4

Attention: Manager - Agency

Dear Sirs/Mesdames:

We refer to Section 3.9 of the credit agreement made as of December 13, 2012 between the Borrower, the Credit Parties party thereto, Royal Bank of Canada, as Agent and Lead Arranger, the Lenders party thereto, Bank of Montreal, as Syndication Agent, and The Toronto-Dominion Bank, as Documentation Agent, as amended, restated, supplemented or otherwise modified from time to time (the "**Credit Agreement**"). Capitalized terms used and not defined herein have the meanings given to them in the Credit Agreement.

We hereby give notice of our irrevocable request for a conversion of Advances in the amount of Cdn$______________ outstanding by way of **[Prime Loans/Bankers' Acceptances]** under **[Tranche I/Tranche II]** into corresponding **[Tranche I/Tranche II]** Advances by way of **[Prime Loans/Bankers' Acceptances]** on the ___________ day of ____________, 20___. **[must be the last day of the relevant Contract Period if converting Bankers' Acceptances]**

Type of [Tranche I/Tranche II] Advance Outstanding	**Amount to be Converted**	**Type of [Tranche I/Tranche II] Requested by Conversion**
Prime Loans	Cdn$________________	Bankers' Acceptances
Bankers' Acceptances	Cdn$________________	Prime Loans

The new Contract Period if converting to Bankers' Acceptances shall be ________ months with a new maturity date of ___/_____/_____.
Day Month Year

The Borrower hereby represents and warrants that the conditions contained in Section 8.2 of the Credit Agreement have been satisfied and will be satisfied as of the date hereof and before and after giving effect to such Conversion on the applicable Conversion Date.

Yours truly,

FIRST NATIONAL FINANCIAL CORPORATION

By: ________________________________
Name:
Title:

Schedule 5.3 – Request for Extension of Maturity Date

Royal Bank of Canada, as Agent
RBC Agency Services Group
4th Floor, 20 King Street West
Toronto, Ontario
M5H 1C4

Attention: Manager - Agency

Dear Sirs/Mesdames:

We refer to Section 5.3 of the credit agreement made as of December 13, 2012 between First National Financial Corporation, as the Borrower, the Credit Parties party thereto, Royal Bank of Canada, as Agent and Lead Arranger, the Lenders party thereto, Bank of Montreal, as Syndication Agent, and The Toronto-Dominion Bank, as Documentation Agent, as amended, restated, supplemented or otherwise modified from time to time, (the "**Credit Agreement**"). Capitalized terms used and not defined herein have the meanings given to them in the Credit Agreement.

We hereby request an extension of the Maturity Date for an additional 364 days in accordance with Section 5.3 of the Credit Agreement.

Yours truly,

FIRST NATIONAL FINANCIAL CORPORATION

By: ______________________________
Name:
Title:

Schedule 5.5 – Notice of Cancellation of Credit Facilities

Date

Royal Bank of Canada, as Agent
RBC Agency Services Group
4th Floor, 20 King Street West
Toronto, Ontario
M5H 1C4

Attention: Manager - Agency

Dear Sirs/Mesdames:

We refer to Section 5.5 of the credit agreement made as of December 13, 2012 between First National Financial Corporation, as the Borrower, the Credit Parties party thereto, Royal Bank of Canada, as Agent and Lead Arranger, the Lenders party thereto, Bank of Montreal, as Syndication Agent, and The Toronto-Dominion Bank, as Documentation Agent, as amended, restated, supplemented and otherwise modified from time to time (the "**Credit Agreement**"). Capitalized terms used and not defined herein have the meanings given to them in the Credit Agreement.

We hereby give you notice of a cancellation and reduction in the amount of Cdn$____________ of the [**Total Tranche I Commitment/Total Tranche II Commitment]** effective as at ____________________________ **[insert date, which shall be no earlier than five (5) Business Days after the date on which this Notice of Cancellation is received by the Agent]**. Following such cancellation, the [**Total Tranche I Commitment/Total Tranche II Commitment**] shall be Cdn$____________.

Yours truly,

FIRST NATIONAL FINANCIAL CORPORATION

By:____________________________
Name:
Title: