

SOLICITOR SECURITY GUIDE

As FirstOntario Credit Union Limited's ("FirstOntario") solicitor, you assume the sole responsibility for the accuracy, completeness, and enforceability of all loan and security documents. Please adhere to the below requirements, in addition to all other practices and requirements that you consider to be necessary or desirable to ensure proper registration and priority of all Security required by the Commitment Letter.

Representation of Borrower/Member

For all loans where the aggregate limit of all facilities is in excess of \$5,000,000.00, the Borrower/Member is required to have their own individual legal representation separate from the solicitor engaged by FirstOntario, unless FirstOntario provides prior written approval for the same solicitor to represent both FirstOntario and the Borrower/Member.

Identification Required

Using FirstOntario's standard Agent Examination of ID Form ("AEIF"), you, or the Borrower's solicitor if applicable, are required to verify the identity of each individual guarantor or grantor of Security, the identity of each signing officer or other authorized person who is executing documentation of behalf of any non-personal entity, and the identity of all individuals who are the individual beneficial owners of each Borrower corporation (See AEIF for further details). The verification of identity includes confirmation that each person executing required documents has the authority to do so on behalf of the corporation, partnership or other entity for which they are signing.

Each individual required to be identified must be physically present when their identity is ascertained and present identification in accordance with the requirements of the AEIF.

Additional Notes on Identification:

- All identification must be original, valid, not expired, legible, unaltered, have a unique identifier number and not be substantially damaged.
- Corporations and other non-individual entities should be identified by obtaining a notarized copy of their constating documents, as well as certificate of status or other publicly available record of existence, if applicable.
- For each person/entity for which identify verification is required, please obtain a fully completed Agent Examination ID Form, which can be found in the External Solicitor Documents section of our website, which can be accessed at the URL provided in the Standard Forms section below.

Names

You must use the full legal names of the Borrower or other grantor of security, and full name of FirstOntario on all loan documents.

Searches

We require you to conduct the searches which you consider to be necessary or desirable in the context of the transaction, against the current name and any former name of searched entities, including but not limited to the following:

- Personal Property Security Act search for all persons/entities providing personal property security to the Lender, including against all current and former names;
- Bankruptcy Office search against the current name of all Borrowers and Guarantors;
- Official Receiver's search against the current name of all Borrowers and Guarantors;
- Executions search against all relevant current, prior and business names of the Borrower in Sheriff's Office/Land Titles Office in the jurisdiction where the proposed primary collateral is located;
- Land Registry Office title search against all real property secured by the Lender;
- Bank Act security search (as necessary);
- Confirm payment of property taxes via Tax Certificate(s) Status Certificate for all Condominiums; and
- Landlord and Tenant search for all residential rental properties

We require you to review all registrations and encumbrances which may be registered in priority to FirstOntario, and if necessary, register satisfactory postponements to ensure that the Security required by FirstOntario has the priority set out in the Commitment Letter. For greater certainty, all prior interests in real property must be discharged or postponed save and except for “Permitted Encumbrances” specifically referenced in the Commitment Letter or as defined in Schedule A to the Commitment Letter.

Requirement to Inform FirstOntario if Guarantor(s) are not Shareholder(s) of Borrower(s)

If any Guarantor is not a shareholder of the Borrower for which they are required to provide a guarantee, you are required to alert FirstOntario of this as soon as possible upon discovery. We recommend that you determine this as soon as possible following receipt of our instructions.

Disbursement of Funds

Prior to your release of funds to any other party (including the Borrower, the Borrower’s solicitors, a vendor’s solicitors, or a creditor) FirstOntario Credit Union will require, among other items set out in the Commitment letter, the following:

- Confirmation that all Security referenced in the Commitment Letter is validly registered and has the priority set out in the Commitment Letter, **or**, confirmation that proper discharge statements and undertakings have been received or that proper escrow conditions have been agreed to in order to confirm that all Security referenced in the Commitment Letter will be validly registered and will have the priority set out in the Commitment Letter prior to the final release of funds to a vendor or creditor;
- A certified copy of an Authorizing Resolution from each non-personal Borrower and Guarantor authorizing (i) the execution of the Commitment Letter and performance of all obligations thereunder, and (ii) the granting of all security required under the Commitment Letter;
- For all loans involving security against Real Property, confirmation that property taxes are paid up to date or exempt;
- A legal opinion that all Security is valid and enforceable; and
- Payout statements and solicitor undertakings for all security to be discharged on or after closing.

Any funds delivered to you will be delivered in trust and are only to be advanced by you to the Borrower(s) or as the Borrower(s) direct(s) at the direction of FirstOntario once FirstOntario has received confirmation from you that the above listed requirements have been satisfied, and once you have received confirmation from FirstOntario that all other conditions precedent to funding have been fulfilled.

Title Insurance

For all security registered against real property, we will always require title insurance from either First Canadian Title, Stewart Title Guaranty Company, or Chicago Title Insurance Company. Title insurance should contain additional endorsements for construction liens, subsequent advances, and variable rate loan, if applicable. Zoning and work order searches are not required where title insurance is obtained, unless confirmation of zoning is a precondition in the Commitment Letter.

Standard Forms

You can access our standard forms for certain security agreements and documentation in the External Solicitor Documents section of our website, which can be accessed at the following URL:

www.firstontario.com/external-solicitor-documents

Where a standard form is provided for certain security required by the Commitment Letter, you are required to use our standard form. Modification to our standard form documents is not permitted without the prior written approval from FirstOntario. Please contact the FirstOntario representative included in your Solicitor Instructing Letter for all request to modify standard forms.

For required security documentation where we have not included a standard form in External Solicitor Documents section of our website, we do not require draft documentation to be provided for FirstOntario’s approval. We rely on your expertise to ensure FirstOntario’s security documentation is good, valid and enforceable.