

# CONCORD COLLATERAL LOAN AGREEMENT

RE: EMPIRE LIFE POLICY NO. \_\_\_\_\_ (the "Policy") on the life of \_\_\_\_\_.

THIS AGREEMENT made the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

BETWEEN THE EMPIRE LIFE INSURANCE COMPANY, a corporation incorporated under the laws of Canada (hereinafter called the "Company") of the First Part, and \_\_\_\_\_, Owner of the Policy of the \_\_\_\_\_ of \_\_\_\_\_ in the Province of \_\_\_\_\_ (hereinafter called the "Borrower") of the Second Part.

WHEREAS the Borrower has applied to the Company for a loan in the amount of \$ \_\_\_\_\_ ( \_\_\_\_\_ Dollars (CDN)) against the security of the Policy (the "Loan").

AND WHEREAS the Company has agreed to make the Loan to the Borrower upon and subject to the terms and conditions herein contained.

NOW THEREFORE WITNESS that in consideration of the covenants and agreements herein and other good and valuable consideration, the parties agree as follows:

## THE LOAN

- 1.0 The Company agrees to advance the proceeds of the Loan to the Borrower on the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_. Interest will accrue from this date or the actual date of advance whichever occurs later.
- 1.1 The interest charged on all loans made will be accrued daily at an equivalent 6% annual compounded rate and as it accrues will become part of any indebtedness secured by the Policy.
- 1.2 For any policy loan requested, account transfers to a Loan Account will be processed automatically. Any money allocated to the Loan Account will be placed in a daily interest account that earns 4% interest per year. The Loan Account is used as collateral for the Loan provided to the Borrower and is included in the Total Accumulated Value of the Policy.
- 1.3 To establish a Loan Account, the Company will transfer the amount required from existing Investment Accounts of this policy. There will be no administrative charges applied to these transfers but a Market Value Adjustment may apply if such transfers are made from the 3-Year, 5-Year or 10-Year Guaranteed Interest Accounts.
- 1.4 Funds transferred out of the Segregated Fund Accounts will result in a reduction in credited units of the Fund. The number of units cancelled will be equal to the amount transferred divided by the dollar value of one unit at the Valuation Date coincident with or next following the effective date of transfer. The Accumulated Value of the Segregated Fund Accounts transferred will fluctuate with the market value of the assets of the Segregated Fund Accounts and is not guaranteed whatsoever.
- 1.5 Unless the Borrower has specified from which Accounts the transfer is to be made, the Company will automatically transfer the amount from the Daily Interest Account first. If the Accumulated Value of the Daily Interest Account is insufficient to provide for the loan, the balance required will necessitate a proportionate transfer from the remaining Investment Accounts.



## REPAYMENT OF LOAN

- 2.0 The Borrower undertakes and agrees to pay interest, as provided above, annually on the anniversary of the day on which the Policy became effective (i.e. Policy Date). If the full amount is not paid, the total outstanding Loan balance will remain unchanged and a new loan, equal to the amount due but not paid, will be created.
- 2.1 Loan repayments other than interest may be made by the Borrower at any time.
- 2.2 Any Loan repayments will reduce the outstanding Loan balance on the Policy by the same amount. The Loan Account balance will be reduced by an associated amount and this amount will be transferred to the Daily Interest Account. The Borrower may then request a transfer, at no cost, from the Daily Interest Account to any other Investment Account.
- 2.3 The Loan, together with interest, and all costs of collection incurred by the Company, shall become due and payable forthwith upon demand by the Company if the Borrower is in default of any provision of this Agreement.
- 2.4 The Borrower agrees to maintain the Net Cash Surrender Value of the Policy in an amount that exceeds total indebtedness of the Borrower to the Company. If the accumulated indebtedness, together with accrued interest at any time, exceeds the Net Cash Surrender Value of the Policy, the Borrower will be in default and all liability of the Company will cease, the Policy will terminate 30 days following the date on which the accumulated indebtedness first exceeded the Net Cash Surrender Value and the Loan together with interest and all costs of collection shall become due and payable.

## ASSIGNMENT OF POLICY

- 3.0 The Borrower agrees that the total principal and all accrued interest outstanding on the Loan and any other money payable by the Borrower under the terms of this Agreement at any time will be a first charge on any money payable under the Policy.
- 3.1 The Company shall not be liable or accountable for any failure to collect, enforce or realize any of the interest payments and shall not be bound to institute proceedings for the purpose of collecting, enforcing or realizing the same or for the purpose of preserving any right of the Company, the Borrower or any other person, firm or corporation in respect of same.
- 3.2 The Borrower covenants and declares that the Policy has not been assigned to or pledged or encumbered in favour of any person, firm or corporation and the Borrower covenants and agrees with the Company not to assign, pledge or encumber such policy so long as this Agreement remains in force, to or in favour of any person, firm or corporation without the prior written consent of the Company.
- 3.3 The Borrower hereby covenants and agrees to indemnify the Company in respect to any out-of-pocket expenses incurred by the Company in connection with obtaining repayment of the loan.
- 3.4 The Borrower covenants and agrees, at the request of the Company from time to time to do, make and execute all such further assignments, deeds, documents, acts, matters and things as may be required by the Company with respect to all or any of the indebtedness hereunder or as may be required to give effect to these presents or in the exercise of the powers on the Company hereby conferred, and the Borrower hereby constitutes and appoints the Company the true and lawful attorney of the Borrower, irrevocably, and with full power of substitution, to do, make and execute all such assignments, deeds, documents, acts, matters and things as the Borrower has agreed by these presents to do, make and execute or as may be required to give effect to these present or in the exercise of the powers of the Company hereby conferred, with the right to use the name of the Borrower whenever it may be deemed necessary or expedient.
- 3.5 Upon repayment in full of the Loan together with interest as aforesaid and any other monies due and owing by the Borrower pursuant to the terms of this Agreement, the Company shall release its security interest in the Policy.

**MISCELLANEOUS**

4.0 This Agreement shall be binding upon the Borrower and their respective personal representatives, successors and assigns and shall enure to the benefit of the Company and its successors and assigns.

**If the Owner resides outside of Canada, complete the following:**

**Where do you reside for tax purposes? (check all that apply)**

Canada  U.S. (resident or citizen) – Tax Identification Number (TIN) \_\_\_\_\_

If you do not have a TIN from the U.S. have you applied for one?  yes  no

Other – specify country \_\_\_\_\_ TIN \_\_\_\_\_

**If you do not have a TIN, specify the reason:**

I will apply or have applied for a TIN but have not yet received it.

My jurisdiction of tax residence does not issue TINs to its residents.

Other – specify reason \_\_\_\_\_

**Note: you must provide a photocopy of a government issued document to verify your residency status. If owner/joint owner is a corporation or other entity, complete form C-0044.**

In witness whereof the parties have executed this Agreement as of the date first written above.

\_\_\_\_\_ **X** \_\_\_\_\_  
Name of Borrower Signature of Borrower

**X** \_\_\_\_\_ \_\_\_\_\_  
Signature of Witness Date (dd/mmm/yy)

**THE EMPIRE LIFE INSURANCE COMPANY**

Per: **X** \_\_\_\_\_  
(Authorized Signature)

Per: **X** \_\_\_\_\_  
(Authorized Signature)

