

F31A

Application

INVESTMENTS



F31A(18-12) PDF

Investment Loan Application and Agreement



December 2018

IMPORTANT

You must:

- Print 3 copies of this application
- Send the original copy to head office
- Give a copy to the client
- Keep a copy for your files

Instructions for Agents

Control List of Information and Documents Required for an Investment Loan

Please read the following carefully and make sure all required documentation is attached to the loan application. Please note that any missing or incorrect information will delay the approval process. To determine the initial minimum monthly payment, refer to document F13-1007 or see Other loans at ia.ca and find the monthly repayment factors according to the repayment term.

The following documents must be attached to the Investment Loan Application and Agreement (F31A):

ECOFLEX⁽¹⁾, ECOFLEXTRA⁽¹⁾ and IAG SAVINGS AND RETIREMENT PLAN NON-REGISTERED ANNUITY CONTRACT

100% loan: No initial investment by the Borrower

- Proof of income (last pay stub or Notice of Assessment issued by the Canada Revenue Agency) **(MANDATORY)**
- A blank cheque marked "void" with the borrower's name printed on it (company cheques will not be accepted)**
- Official statement(s) for all non-registered and registered investments (for loans of \$ 100,001 and more)
- Investor Profile – paper (F51-122A) or electronic version
- Duly completed Investment Loan Application and Agreement (F31A)
- Application for an IAG Savings and Retirement Plan Non-registered Annuity Contract (F17A) or for an existing contract, enclose the investment instructions (F51-153A-1)
- Duly completed Money Laundering form (F51-208A) or included in F17A application

1:1 loan WITHOUT margin call: loan ≤ the Borrower's initial investment

- Same documents as the 100% loan listed above.

Note: The initial investment in the Ecoflex, Ecoflextra or IAG Savings and Retirement Plan Non-registered Annuity Contract is required to have been made by the date this loan application is approved by the Company.

⁽¹⁾Only for an Ecoflex or an Ecoflextra Non-registered Annuity Contract that has already been issued.

THE INVESTMENT LOAN IS NOT SUITABLE FOR ALL INVESTORS.

The Investor Profile questionnaire (F51-122A) must reflect the client's situation and correspond to the profile of an investor for whom this type of strategy is a viable choice.

Investor Profile:

- Clients who have a reasonably high risk-tolerance level.
- Clients who have good knowledge of finance and investments.
- Clients who have long-term investment objectives.
- Clients who understand, and are not afraid of, market volatility.

Financial Situation:

- Clients who have a consistently high annual income (greater than \$50,000 annually).
- Clients who have a high net worth and have additional cash available to cover margin calls if applicable.
- Clients who have an excellent credit rating.
- Clients who apply for a 100% loan over \$100,000 will also need to meet the following criteria:
 - ➔ Annual income of at least \$100,000; and
 - ➔ Demonstrated tangible net worth of at least two (2) times the total amount borrowed.

Even if an investor matches the investor profile and/or the financial situation criteria, there is no guarantee that this loan application will be approved by the Company.

I, the agent, have:

- Presented and explained the leverage effect to the Borrower using the provided scenarios;
- Explained the risks related to an investment loan to the Borrower;
- Told the Borrower that the Company may request additional information if needed; and
- Checked the beneficiary designation of the Ecoflex, Ecoflextra or IAG Savings and Retirement Plan Non-registered Annuity Contract that will be hypothecated or assigned as collateral if this loan application is accepted by the Company. Unless the beneficiary designation is revocable, the irrevocable beneficiary's signature is required in Section B of Part 4 of this Loan Agreement. If the irrevocable beneficiary's signature is not provided, the loan application will be automatically denied.

Caution: When the Borrower resides in Quebec, if the beneficiary of the Ecoflex, Ecoflextra or IAG Savings and Retirement Plan Non-registered Annuity Contract is the married or civil-union spouse of the policyholder and if the beneficiary is not clearly designated as revocable, the designation is irrevocable. In this case, the signature of the married or civil-union spouse is required in Section B of Part 4 of this Loan Agreement.

NOTICE CONCERNING THE EFFECT OF THE USE OF A LEVERAGE LOAN WHEN INVESTING IN SEGREGATED FUNDS THROUGH A NON-REGISTERED INDIVIDUAL VARIABLE ANNUITY CONTRACT

There are three ways to invest in segregated funds through a non-registered individual variable annuity contract: through cash only, a portion in cash with a loan or with a loan only. When you invest in segregated funds using cash only, your possible gain or loss is based only on the variation in the value of the segregated funds in which you invest.

However, when you use the leverage effect, i.e., when borrowed amounts are used to invest in segregated funds, you substantially increase the possible gains or losses on the cash that you invest. Therefore, Industrial Alliance Insurance and Financial Services Inc. ("iA Financial Group") wants to ensure that any investor who is thinking about borrowing money to use the leverage effect be informed of the risks inherent in this strategy by reading the explanations provided here.

For example,* suppose a \$50,000 investment made in segregated funds loses 10% of its value and is now worth \$45,000. For a cash investment, where no loan is made, the loss would be 10%. For an investment made using \$50,000 in cash and a \$100,000 loan, for a total investment of \$150,000, the same 10% decrease in value would result in a \$15,000 drop in capital, which represents a 30% loss of the cash investment. Finally, for a client who opts for a \$50,000 investment that is completely financed through a loan, a 10% drop in the value of the investment would mean that, in addition to the \$45,000 in proceeds from the disposition of the investment, the client would personally have to pay an additional \$5,000.

The level of risk involved in an investment financed through a loan is measured on an ad hoc basis and varies according to the conditions and specific situation of the investor and according to the investments made.

It is also important to inform you of the terms of a loan guaranteed by a non-registered individual variable annuity contract. For certain types of investment loans, iA Financial Group requires that the outstanding balance of the client's loan not exceed a Loan-to-Investment Ratio as defined in the Loan Agreement. When the maximum Loan-to-Investment Ratio is no longer respected, iA Financial Group requires the partial or total repayment of the loan, surrendering a portion of the premiums invested in the non-registered individual variable annuity contract or requires an additional investment from the client to respect the initial Loan-to-Investment Ratio.

In order to illustrate the previous paragraph concerning the required Loan-to-Investment Ratio consider the example* of an investment loan with a margin call composed of \$50,000 in cash and a \$100,000 loan for a total investment of \$150,000 with an initial Loan-to-Investment Ratio of 66%. If the investment decreases from \$150,000 to \$117,000, the maximum 85% Loan-to-Investment Ratio is no longer respected and the loan must be reduced to respect the initial Loan-to-Investment Ratio of 66%. This can be done by making a \$22,000 cash repayment, by surrendering \$66,000 from the non-registered individual variable annuity contract and using it to reduce the loan or by making a \$33,000 additional investment.

Also, for all loan investment options, you must be able to pay the interest on your loan. If you are thinking of using the leverage effect to make an investment in iA Financial Group's segregated funds through a non-registered individual variable annuity contract, you should first make sure that you have the financial resources needed to pay the interest on the loan and to repay a portion of this loan if required.

*The examples mentioned in this notice do not consider applicable taxes or surrender fees.

PART 2

A- ANALYSIS OF YOUR FINANCIAL SITUATION (MANDATORY)

- a) Have you declared bankruptcy in the last five (5) years? No Yes. If yes, date of discharge

Y	Y	Y	Y	M	M	D	D
- b) Have you filed a proposal under the *Bankruptcy and Insolvency Act* in the last five (5) years: No Yes
 If yes, date of certificate of full performance:

Y	Y	Y	Y	M	M	D	D
- c) Have you ever been subject to a garnishment? No Yes. If yes, for what reason? _____
- d) Have you ever had property seized? No Yes. If yes, for what reason? _____

B- INCOME (MANDATORY)

Types of income	Amount
Gross monthly employment income	\$ _____ (MANDATORY: Proof of income required: last pay stub or Notice of Assessment issued by the Canada Revenue Agency)
Other monthly income	\$ _____ Please specify: _____
Total monthly income	\$ _____ x 35% = \$ _____ (A)

C- BALANCE SHEET (MANDATORY)

ASSETS	LIABILITIES
Principal residence	Mortgage loan – Rent
• Purchase price \$ _____	• Mortgage loan balance \$ _____
• Market value \$ _____	• Monthly payment (rent and/or mortgage payment) \$ _____ (1)
Vehicle(s) – owned (car, truck, boat, plane, RV, etc.)	Personal loans (furniture, electronic appliances, miscellaneous)
• Model and year _____	• Balance \$ _____
• Market value \$ _____	• Monthly payment \$ _____ (2)
Savings	Line(s) of credit and/or loan(s)
• Registered \$ _____	• Balance \$ _____
• Non-registered \$ _____	• Monthly payment or 5% of the authorized limit (whichever is higher) \$ _____ (3)
Other assets (Specify)	Vehicle(s) – loan or lease (car, truck, boat, plane, RV, etc.)
• _____ \$ _____	• Balance \$ _____
• _____ \$ _____	• Monthly payment \$ _____ (4)
• _____ \$ _____	Credit cards
• _____ \$ _____	• Balance \$ _____
• _____ \$ _____	• Monthly payment or 5% of the authorized limit (whichever is higher) \$ _____ (5)
• _____ \$ _____	Other financial obligations
• _____ \$ _____	• Balance \$ _____
• _____ \$ _____	• Monthly payment \$ _____ (6)
Total assets \$ _____	Total liabilities (1) + (2) + (3) + (4) + (5) + (6) = \$ _____ (B)
	Monthly amount available to repay the investment loan⁽¹⁾ (A) – (B) = \$ _____ (C)

⁽¹⁾ In order for the loan to be approved, this amount must be sufficient to cover the monthly payment amount determined in the *Information Box* under the heading "Payments".

D- REPAYMENT OPTIONS (check one)

- Interest only: each payment includes payment toward interest only.
- Principal and interest: each payment includes payment toward both principal and interest.

E- TYPE OF LOAN (check one)

- 100% investment loan WITHOUT margin call:** no cash investment required from the Borrower. Minimum of \$ 10,000 up to a maximum of \$ 250,000.
- 1:1 investment loan WITHOUT margin call:** loan ≤ the Borrower's cash investment. Minimum of \$ 10,000 up to a maximum of \$ 250,000.

Amortization Period	<p>If you have chosen the <u>interest-only repayment option</u>, the amortization period will not be the same as the term of the loan. The balance of the Loan Amount will be due and payable upon Maturity without formal demand or notice to you.</p> <p>If you have chosen the <u>principal-and-interest repayment option</u>, any changes in the Interest Rate can affect the loan amortization period. If the Interest Rate does not change, and you comply with the terms and conditions of the Loan Agreement, then the amortization period of the loan is the same as the term of the loan.</p>
Prepayment Privilege	You may repay all or a portion of your loan at any time without charge.
Prepayment Charges	N/A
Default Insurance	N/A
Other Fees	<p>The following is a list of current fees charged by iA Financial Group, where permitted by law. Fees may change from time to time without notice to you.</p> <ul style="list-style-type: none">• Extra copy of any statement or monthly statement on demand: \$50• Each cheque or pre-authorized cheque payment (PAC/PAD) that is not honoured: \$25• Duplicate of the Loan Agreement: \$50• Statement setting out all transactions under the Loan Agreement: \$50/hour (1 hour minimum)• Modification(s) to the Loan Agreement following a separation or a divorce: \$50• Cancellation of the Loan Agreement within 60 days following its issue: \$50

B- INITIAL DISCLOSURE STATEMENT

Total Principal Amount: The Total Principal Amount includes the amount of the current loan you are applying for with this loan application and any outstanding balance⁽¹⁾ on an existing loan(s) if applicable. The Total Principal Amount is shown in the Information Box on line (C) under the heading "Principal Amount".

⁽¹⁾ **Any outstanding balance on prior loan(s) that is indicated on line (B) of the *Information Box* under the heading "Total Principal Amount" becomes part of the Total Principal Amount and will now be governed by the terms and conditions of this Loan Agreement.**

Annual Interest Rate: The annual Interest Rate on the Total Principal Amount is equal to the total of the Prime Rate plus the increment which is established according to the rate scale (known as the "Rate Schedules - Individual GIC, PGA, SPIA and Others") in effect when this loan application is signed. The increment is based on the Total Principal Amount (which includes the amount of the current loan you are applying for with this application and any outstanding balance on existing loan(s)) indicated in the *Information Box* and the type of loan selected in section E of Part 2.

The Interest Rate changes whenever the Prime Rate changes. If the Borrower selects the principal and interest repayment option, any changes in the Interest Rate can affect the loan amortization period.

The interest is calculated according to the following formula:

Outstanding balance of the Loan Amount upon the last capitalization of interest x (number of days elapsed since the last capitalization/365) x Interest Rate then in effect.

Interest is calculated daily and is added to the Loan Amount at the end of the month.

iA Financial Group reserves the right to change the loan maximum limit and the Interest Rate at any time without notice, subject to applicable laws.

Term: The term of the loan is shown in the *Information Box*.

Date of advance: Following iA Financial Group's approval of the loan application, the amount of the current investment loan will be advanced and invested in the Non-registered Annuity Contract specified in the documents enclosed with this application as per the instructions below.

If this loan is to be applied to an **EXISTING INDIVIDUAL VARIABLE ANNUITY CONTRACT**, enclose the appropriate investment instructions form with this Loan Application and Agreement.

If this loan is to be applied to a **NEW NON-REGISTERED INDIVIDUAL VARIABLE ANNUITY CONTRACT**, enclose the application of the new non-registered individual variable annuity contract with this Loan Application and Agreement.

Payments:

a) The **monthly payment amount** is shown in the *Information Box*.

The monthly payment amount can be higher or lower if the outstanding balance of the existing loan(s) is different from the amount shown in the *Information Box*.

b) The total of all monthly payments is equal to: \$ (A)

[monthly payment amount x number of months corresponding to the term shown in the *Information Box*]

c) Where the interest-only repayment option is selected, the total interest charges over the 240 month term is equal to the total of all monthly payments as shown in line (A) above.

d) Where the principal-and-interest repayment option is selected, the total interest charges over the term of the loan is equal to: \$

[total of all monthly payments (line (A) above) minus the Total Principal Amount]

e) Insurance premiums and any other non-interest charges over the term of the loan: N/A

f) The total number of monthly payments equals the term shown in the *Information Box*.

g) The date of first payment is set out in section A of Part 4 of the Loan Agreement. The date of last payment depends on the term of the loan.

Due to changes to the Prime Rate subsequent to signing the loan application, the monthly payment amount, the total of all monthly payments, and the total interest charges over the term of the loan may vary. The monthly payment amount, the total of all monthly payments and the total interest charges over the term of the loan are based on reasonable assumptions and estimates as of the date of signature of the loan application.

For all repayment options, payments will be credited first to the Amount in Arrears, then to the payment of accrued interest and in the case of the principal and interest repayment option, then to the payment of the balance owing on the Total Principal Amount.

Payments are payable at iA Financial Group's head office, which is located at 1080 Grande Allée West, PO Box 1907, Station Terminus, Quebec City, Quebec, G1K 7M3, or at one of its branch offices.

Security: Pursuant to the terms and conditions of the Loan Agreement, the Borrower assigns as security (or hypothecates in the province of Quebec) in favour of iA Financial Group, the Non-registered Annuity Contract, to which the current investment loan is invested. Please refer to #6 of section B and #9 and #10 of section C of Part 4 of the Loan Agreement.

Default charges: If the Borrower fails to comply with any obligation in the Loan Agreement, in addition to interest, iA Financial Group may impose charges for recovering the costs reasonably incurred for:

a) legal services to collect, or attempt to collect, any payment;

b) realizing on any security interest or protecting such security interest, including the cost of legal services for that purpose; and

c) any charges incurred by iA Financial Group as a result of a dishonoured payment.

PART 4

A- PRE-AUTHORIZED CHEQUE PAYMENT/PRE-AUTHORIZED DEBIT (PAC/PAD) AGREEMENT (Do not enclose a PAC/PAD payment with the Application.)

Each account owner is referred to as "I" in this PAC/PAD Agreement and makes the following statements in respect of himself or herself.

I authorize Industrial Alliance Insurance and Financial Services Inc. ("iA Financial Group") and the financial institution designated (or any other institution I may authorize at any time) to begin deductions as per my instructions for regular recurring payments and/or one-time payments from time to time, for payment of all premiums, deposits, installments and charges arising from the contract hereunder mentioned.

Regular payments will be debited on the first day of every month whereas one-time payments from time to time can be debited from my account on any date. Regular and/or one-time payments will be debited in accordance with the banking information set out below.

I waive the right to receive pre-notification of an increase or decrease in the amount to be debited or a change in the date and/or frequency of these payments.

I agree that iA Financial Group is not required to provide me with written notice of a change in a PAC/PAD amount that is made as a result of my request.

If a PAC/PAD is dishonoured for any reason such as, but not limited to, insufficient funds ("NSF"), stop payment or account closed, iA Financial Group is authorized to re-submit the payment. **Any charges incurred by iA Financial Group as a result of a dishonoured PAC/PAD will be added to the subsequent PAC/PAD.**

I may cancel or modify this PAC/PAD Agreement at any time, subject to providing iA Financial Group thirty (30) days notice in writing. To obtain a sample cancellation form or for more information on my right to cancel the PAC/PAD Agreement, I may contact my financial institution or visit www.payments.ca regarding Rule H1 – Pre-authorized debits (PADs).

If iA Financial Group assigns this PAC/PAD Agreement, iA Financial Group will provide written notice to me of the assignment, prior to any amount being deducted in the assignee's name.

I have certain recourse rights if any PAC/PAD does not comply with this PAC/PAD Agreement. For example, I have the right to receive reimbursement for any PAC/PAD that is not authorized or is not consistent with this PAC/PAD Agreement. To obtain more information on my recourse rights, I should contact my financial institution or visit www.payments.ca regarding Rule H1 – Pre-authorized debits (PADs).

Before iA Financial Group debits the first PAC/PAD payment, it must receive all required documents, duly completed, and be allowed a reasonable period of time to complete its administrative processes.

GENERAL INFORMATION

1. Banking information

- Staple a blank, personalized cheque, marked "Void" or enclose a duly completed written confirmation from the financial institution.

⚠ IMPORTANT: Staple void cheque here

2. Withdrawal agreement: Variable PAC/PAD category: Personal

Starting on: The first of the month which follows the date iA Financial Group approves the investment loan application.

Frequency: Monthly

PAC/PAD amount: The PAC/PAD amount is equal to the monthly payment amount indicated in the *Information Box*. If you have chosen the principal-and-interest repayment option and if you want to repay the loan by installments **greater** than the monthly payment amount specified in the *Information Box*, please indicate this amount here: \$

Contact information:

Telephone number: 1-844-4iA-INFO (1-844-442-4636) Email: savings@ia.ca

Quebec:

1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, QC G1K 7M3
Fax: 418-684-5161

Toronto:

522 University Ave., Suite 400
Toronto, ON M5G 1Y7
Fax: 1-800-810-0197

Vancouver:

400-988 West Broadway
PO Box 5900
Vancouver, BC V6B 5H6
Fax: 604-689-9682

⚠ MANDATORY SIGNATURE: For a joint account, all required signatories must sign this PAC/PAD Agreement.

Date

X

Signature of account owner (as shown on the records of the financial institution)

Date

X

Signature(s) of all other joint account owners (if required signatories to this account)

COPY 1: COMPANY COPY 2: ADVISOR COPY 3: CLIENT

December 2018

PART 4 F31A(18-12)

B- GENERAL CONDITONS, AUTHORIZATIONS AND SIGNATURES

The loan application is subject to approval by iA Financial Group.

The undersigned Borrower is referred to as "I" in the Loan Agreement and makes the following statements in respect of himself or herself.

1. I hereby confirm that I have requested that this Loan Agreement be drafted in the English language only.
2. I acknowledge that I have read and understand the "NOTICE CONCERNING THE EFFECT OF THE USE OF A LEVERAGE LOAN WHEN INVESTING IN SEGREGATED FUNDS THROUGH A NON-REGISTERED INDIVIDUAL VARIABLE ANNUITY CONTRACT" in this Loan Agreement.
3. I acknowledge that I have read this "GENERAL CONDITIONS, AUTHORIZATIONS AND SIGNATURES" section and section C "SPECIFIC CONDITIONS" as set out in Part 4 of this Loan Agreement, and I agree to abide by these conditions.
4. I confirm that the information provided in this Loan Agreement, including the information provided in the INCOME and BALANCE SHEET sections of Part 2 of this Loan Agreement is complete, accurate and true, and I acknowledge that iA Financial Group will rely on the accuracy of this information in determining whether to approve the loan application. I agree to notify iA Financial Group in writing of any change in my financial situation that may affect my ability to repay the loan. I declare that my assets are not currently the subject of seizure, garnishment or of any other similar procedure. I also confirm that, to the best of my knowledge, no lawsuits or legal proceedings have been, or are about to be, brought against me.
5. I request that the amount borrowed be invested in full in the Non-registered Annuity Contract specified in section B of Part 3 of this Loan Agreement on the date of the advance under this loan.
6. I hereby assign by way of security or, if I live in Quebec, hypothecate, in favour of iA Financial Group, the Non-registered Annuity Contract specified in section B of Part 3 of this Loan Agreement, which I will continue to own but may not surrender, either in whole or in part, or obtain a policy loan against, until the Loan Amount has been repaid in full.
7. **I understand and agree that the monthly payment amount, the total of all monthly payments, and the total interest charges over the term of the loan may vary due to changes to the Prime Rate subsequent to signing the loan application, and the amortization period may differ from the repayment term if the principal and interest repayment option has been selected. I acknowledge that the monthly payment amount, the total of all monthly payments and the total interest charges over the term of the loan set out in Part 3 of this Loan Agreement are based on reasonable assumptions and estimates at the time I signed the loan application.**
8. **I understand and agree that if I have indicated an outstanding balance from a previous loan under the heading "Total Principal Amount" of the Information Box of this Loan Agreement, this outstanding balance will now be governed by the terms and conditions of this Loan Agreement.** The terms and conditions provided under the previous contract are revoked by iA Financial Group's acceptance of this loan application and any outstanding balance(s) from the previous loan(s) shall be repaid in accordance with the terms and conditions of this Loan Agreement.
9. I agree to repay the Loan Amount in full, which includes accrued interest and all other amounts due, in accordance with the terms and conditions of this Loan Agreement.
10. I acknowledge and agree that the Loan Amount must be repaid in full, including accrued interest and all other amounts due, before the Non-registered Annuity Contract can be surrendered, in whole or in part, transferred, or converted to an annuity or any other retirement product.
11. In the event of any request to surrender the Non-registered Annuity Contract in whole or in part, or any request to transfer the Non-registered Annuity Contract, I authorize iA Financial Group to apply the proceeds to the reimbursement of the Loan Amount.
12. I acknowledge and agree that if I am in default under any of the terms or conditions of this Loan Agreement for more than sixty (60) days, the total Loan Amount, which includes accrued interest and all other amounts due, shall immediately become due and payable in full. Quebec Borrowers should also refer to the "Clause of forfeiture of benefit of the term" in paragraph 19 of section C of Part 4 of this Loan Agreement.
13. I agree to pay all legal costs and expenses incurred by iA Financial Group to recover the amounts due if I am in default under any of the terms or conditions in this Loan Agreement for more than sixty (60) days.
14. **I authorize all credit agencies, financial institutions, taxation authorities, public bodies, or any other persons or organizations that hold personal information about me, including financial information or information about my credit history, to supply and exchange this information with iA Financial Group, its affiliates, or its representatives and agents, for the purposes of evaluating this loan application, administrating and enforcing the Loan Agreement, and for marketing purposes.** I further authorize iA Financial Group to supply and exchange my personal information with its affiliates, representatives and agents for the purposes in the preceding sentence. A photocopy of this authorization will be as valid as the original.
15. I authorize iA Financial Group to withdraw the agreed payments in accordance with section A of Part 4 of this Loan Agreement. I confirm that all required signatories of the account at the financial institution have signed the PAC/PAD Agreement in section A of Part 4 of this Loan Agreement and I agree to provide such authorization agreement(s) as may be required by my financial institution or by iA Financial Group to enable iA Financial Group to withdraw the payments as indicated.
16. I request that iA Financial Group advise me of any other credit offer that would allow me to invest the amount borrowed in a non-registered individual variable annuity contract, including any possible increase in credit that may be granted to me under the terms and conditions of this Loan Agreement.

I accept the terms and conditions of this Loan Agreement, including the "Specific Conditions" that follow, and I acknowledge that I have received a copy of the Investment Loan Application and Agreement.

Signed at _____ this _____ day of _____, 20 _____

X

Borrower's signature

X

Agent's/witness' signature

IRREVOCABLE BENEFICIARY (IF AN IRREVOCABLE BENEFICIARY IS DESIGNATED UNDER THE NON-REGISTERED ANNUITY CONTRACT)

I, the irrevocable beneficiary of the Non-registered Annuity Contract specified in section B of Part 3 of this Loan Agreement (the "contract"), accept and agree that the Borrower assigns the contract by way of security or, if the Borrower resides in Quebec, hypothecates the contract in favour of iA Financial Group for an amount not exceeding the Loan Amount.

If I reside in the province of Quebec, I hereby grant a movable hypothec with delivery in favour of iA Financial Group over all of my rights to and under this contract, including my right to the death benefit.

X

MANDATORY IF IRREVOCABLE BENEFICIARY

Irrevocable beneficiary's signature

Caution: When the Borrower resides in Quebec, if the beneficiary of the Non-registered Annuity Contract is the married or civil-union spouse of the policyholder and if the beneficiary is not clearly designated as revocable, the designation is irrevocable. In this case, the signature of the married or civil-union spouse is required above.

C- SPECIFIC CONDITIONS**DEFINITIONS**

For the purposes of this Loan Agreement, the following definitions apply:

- i. **“Amount in Arrears”** means an amount due and owing as a result of non-compliance with this Loan Agreement, and may include principal, accrued interest and administrative fees;
- ii. **“Anniversary Date”** means the last day of each one-year period starting from the Effective Date of this Loan Agreement;
- iii. **“Book Value”** means the book value of the Non-registered Annuity Contract as determined pursuant to the provisions of the Non-registered Annuity Contract;
- iv. **“Borrower”** means the loan applicant whose name appears in section B of Part 1 of this Loan Agreement and for the purposes of #19 of section C of Part 4 of this Loan Agreement constitutes the “Consumer”;
- v. **“Collateral Assignment”** means the assignment of the Non-registered Annuity Contract by the Borrower in favour of iA Financial Group under this Loan Agreement;
- vi. **“Effective Date”** means the date this Loan Agreement comes into effect, which corresponds to the date the loan application is approved by iA Financial Group;
- vii. **“iA Financial Group”** means Industrial Alliance Insurance and Financial Services Inc. and for the purposes of #19 of section C of Part 4 of this Loan Agreement constitutes the “Lender” and “Merchant”;
- viii. **“Interest Rate”** means the variable annual rate of interest determined from time to time by iA Financial Group pursuant to this Loan Agreement and, more specifically, is the rate equal to the Prime Rate plus the increment as stated in section A of Part 3 of this Loan Agreement;
- ix. **“Loan Agreement”** means the four (4) parts of this document and any other document used to create this Loan Agreement. This Loan Agreement may be modified at the request of the Borrower, subject to approval by iA Financial Group. For the purposes of #19 of section C of Part 4 of this Loan Agreement, this “Loan Agreement” constitutes the “Contract”;
- x. **“Loan Amount”** means the total of the Total Principal Amount plus any accrued interest and all other amounts due in accordance with this Loan Agreement, less any repayment of principal, interest or other amounts due;
- xi. **“Loan-to-Investment Ratio”** means a percentage obtained by dividing the Loan Amount by the Book Value of the Non-registered Annuity Contracts;
- xii. **“Maturity”** means the twentieth (20th) Anniversary Date of the Loan Agreement;
- xiii. **“Movable Hypothec”** means the Movable Hypothec with delivery of the Non-registered Annuity Contract hypothecated by the Borrower in favour of iA Financial Group under this Loan Agreement. The provisions pertaining to Movable Hypothec apply only if the Borrower is a resident of Quebec;
- xiv. **“Non-registered Annuity Contract”** means the non-registered individual variable annuity contract issued or to be issued by iA Financial Group and indicated in section B of Part 3 of this Loan Agreement, in which the Total Principal Amount will be invested in and for which a Movable Hypothec with delivery or a Collateral Assignment is granted by the Borrower under this Loan Agreement;
- xv. **“Prime Rate”** means the annual rate of interest announced by the Royal Bank of Canada, from time to time, as its prime rate in Canada, being a reference rate then in effect for determining interest rates on loans, made in Canadian currency, in Canada;
- xvi. **“Total Principal Amount”** means the amount of the current investment loan granted by iA Financial Group after having processed the loan application.

2. INTEREST RATE

The Interest Rate for the purposes of the daily calculation of the monthly interest owed on the Total Principal Amount and the Amount in Arrears varies in accordance with the increase or decrease of the Prime Rate. This increase or decrease can affect the loan amortization period under the principal and interest repayment option.

3. REPAYMENTS

For the interest-only repayment option, the monthly payments will first be credited to the Amount in Arrears and then to the payment of accrued interest.

For the principal-and-interest repayment option, the monthly payments will first be credited to the Amount in Arrears, then to the payment of accrued interest, and then to the balance owing on the Total Principal Amount.

Regardless of the repayment option and term selected, any balance owing on the Loan Amount shall be due and payable upon Maturity without formal demand or notice.

The Borrower may, at any time, repay all or a portion of the Loan Amount.

While the Loan Agreement is in effect, the Borrower may switch to another repayment option, subject to approval by iA Financial Group.

4. USE OF THE LOAN

The loan must only be used to invest in a non-registered individual variable annuity contract issued by iA Financial Group. Any other use of the loan without written authorization from iA Financial Group results in the suspension of the rights to use the loan and requires the Borrower to immediately repay the Loan Amount in full.

The amount borrowed shall be advanced and credited to the Non-registered Annuity Contract following iA Financial Group's approval of the loan application. Before approving an application, iA Financial Group must receive all required documents, duly completed, and be allowed a reasonable period of time to process the application and complete its administrative processes.

5. SPECIAL FEES

In addition to other recourses available and iA Financial Group's service charge, administrative fees shall be charged for each cheque that is returned due to insufficient funds (“NSF”) and for each PRE-AUTHORIZED CHEQUE PAYMENT/PRE-AUTHORIZED DEBIT (PAC/PAD) that is not honoured for any reason such as, but not limited to, NSF, stop payment or account closed.

In accordance with applicable law and its administrative policies in effect, iA Financial Group reserves the right to impose transaction fees, among others, for any authorized loan that is cancelled within sixty (60) days following its issue.

6. STATEMENTS

iA Financial Group shall provide a disclosure statement once every twelve (12) months.

Any future correspondence, including the annual disclosure statement, is deemed to have been received by the Borrower on the fifth (5th) business day after its postmark date. The Borrower must notify iA Financial Group in writing of any errors or omissions within thirty (30) days following receipt of the statement, otherwise it will be deemed to be accurate and complete.

7. CURRENCY

All amounts payable to or by iA Financial Group shall be in the legal currency of Canada.

8. TYPE OF LOAN**a) 100% INVESTMENT LOAN WITHOUT MARGIN CALL**

There is no cash investment required from the Borrower.

b) 1:1 INVESTMENT LOAN WITHOUT MARGIN CALL

If the Total Principal Amount is to be invested in a newly issued Non-registered Annuity Contract, the Total Principal Amount may not exceed the value of the cash investment made by the Borrower on the date iA Financial Group approves the loan application.

If the Total Principal Amount is to be invested in an existing Non-registered Annuity Contract, the Total Principal Amount may not exceed the Book Value of the Non-registered Annuity Contract on the date iA Financial Group accepts the loan application. The Borrower has the option to make up the difference (Total Principal Amount – Book Value of the Non-registered Annuity Contract) by making a cash investment in the Non-registered Annuity Contract.

9. MOVABLE HYPOTHEC (APPLICABLE IF THE BORROWER RESIDES IN QUEBEC)

To guarantee repayment of the Loan Amount, the Borrower hereby grants a Movable Hypothec in favour of iA Financial Group with delivery of all rights, including the surrender privilege and the right to the amounts invested in the segregated funds or in any other investment vehicles pursuant to the Non-registered Annuity Contract indicated in section B of Part 3 and held with iA Financial Group, up to a maximum of the Loan Amount. To this end, the Borrower has surrendered to iA Financial Group all copies of the hypothecated Non-registered Annuity Contract in his/her possession or under his/her control.

iA Financial Group may, but is not required to, exercise any of the rights associated with the hypothecated Non-registered Annuity Contract, or issue a notice to any person obliged to pay a debt or settle an obligation associated with said contract.

The Borrower shall pay all fees including, but not limited to, extrajudicial fees, disbursements, costs and expenses as may be incurred by iA Financial Group in the context of preparing, signing and, where applicable, registering the Movable Hypothec with delivery granted pursuant to this Loan Agreement. Where applicable, the Borrower shall pay all fees and expenses incurred by iA Financial Group for the purpose of pleading, negotiating, and litigating, or otherwise enforcing, its rights and recourses set out pursuant to this Loan Agreement or pursuant to the law.

The Borrower represents and warrants that the hypothecated Non-registered Annuity Contract is and shall be, at all material times, free and clear of any pledge, movable hypothec (other than this Movable Hypothec), prior claim, lien, security interest or charge or any agreement capable of becoming a pledge, movable hypothec, prior claim, lien, security interest or charge. The Borrower shall keep the hypothecated Non-registered Annuity Contract free and clear of any income tax, pledge, movable hypothec, prior claim, lien, security interest or other charge of whatever nature. The Borrower acknowledges that iA Financial Group is relying on such representations and that such representations shall be confirmed in writing as of the date of any advance prior to the disbursement of any such advance.

The Borrower agrees to refrain from executing or permitting the execution of any transaction(s) that result or may result directly or indirectly in the sale, assignment, exchange or liquidation of the Non-registered Annuity Contract, or in the creation of any pledge, movable hypothec, prior claim, lien, security interest or other charge of any kind whatsoever in respect of the hypothecated Non-registered Annuity Contract, without iA Financial Group's prior written consent.

The Movable Hypothec with delivery granted under the Loan Agreement is in addition to, and does not replace, any other security that is currently or may in the future be held by iA Financial Group. Said Movable Hypothec shall remain in effect until such time as the Loan Amount has been repaid to iA Financial Group in full and a written notice has been sent to the Borrower confirming that iA Financial Group grants a release from said Movable Hypothec.

The Borrower agrees to execute any document that iA Financial Group may require to give full effect to this Movable Hypothec.

10. COLLATERAL ASSIGNMENT (APPLICABLE IF THE BORROWER RESIDES IN A PROVINCE OTHER THAN QUEBEC)

To guarantee repayment of the Loan Amount, the Borrower hereby assigns as security to iA Financial Group all rights pursuant to the Non-registered Annuity Contract indicated in section B of Part 3 and held with iA Financial Group, up to a maximum of the Loan Amount. To this end, the Borrower has surrendered to iA Financial Group all copies of the assigned Non-registered Annuity Contract in his/her possession or under his/her control.

iA Financial Group may, but is not required, to exercise any of the rights associated with the assigned Non-registered Annuity Contract, or issue a notice to any person obliged to pay a debt or settle an obligation associated with the assigned Non-registered Annuity Contract.

The Borrower shall pay all fees and expenses including, but not limited to, extrajudicial fees, disbursements, costs and expenses as may be incurred by iA Financial Group in the context of preparing, signing and, where applicable, registering the security granted under this Loan Agreement. Where applicable, the Borrower shall pay all fees and expenses incurred by iA Financial Group for the purpose of pleading, negotiating, and litigating, or otherwise enforcing, its rights and recourses set out pursuant to this Loan Agreement or pursuant to the law.

The Borrower represents and warrants that the assigned Non-registered Annuity Contract was not previously assigned and is free and clear of any pledge, priority, lien, security interest or charge other than the assignment granted hereby. The Borrower shall keep the assigned Non-registered Annuity Contract free and clear of any income tax, pledge, lien, security interest or other charge of whatever nature. The Borrower agrees not to enter into any transaction or permit any transaction to be entered into which results or could result directly or indirectly in the sale, assignment, exchange or liquidation of the assigned Non-registered Annuity Contract or the creation of any pledge, lien, security interest or other charge of any kind on the assigned Non-registered Annuity Contract without iA Financial Group's prior written consent.

The Borrower agrees to refrain from executing or permitting the execution of any transaction(s) that result or may result directly or indirectly in the sale, assignment, exchange or liquidation of the assigned Non-registered Annuity Contract, or in the creation of any pledge, collateral assignment, prior claim, lien, security interest or any other charge of any kind whatsoever in respect of the assigned Non-registered Annuity Contract, without iA Financial Group's prior written consent.

This Collateral Assignment is in addition to, and does not replace, any other security that is currently or may in the future be held by iA Financial Group. Said Collateral Assignment is a continuous security and shall remain in effect until such time as the Loan Amount has been repaid in full to iA Financial Group and a written notice has been sent to the Borrower confirming that iA Financial Group grants a release from said Collateral Assignment.

The Borrower agrees to execute any document that iA Financial Group may require to give full effect to this Collateral Assignment.

11. DEFAULT

Default occurs under this Loan Agreement when:

- the Borrower has failed to pay an amount owing on a scheduled payment;
- the value of iA Financial Group's security in the assigned or hypothecated Non-registered Annuity Contract diminishes for any reason, including but not limited to, the surrender of a sum of money invested in the assigned or hypothecated Non-registered Annuity Contract or the payment of any benefit under the assigned or hypothecated Non-registered Annuity Contract, or iA Financial Group has any reason to believe that the value of its security in the assigned or hypothecated Non-registered Annuity Contract will diminish;
- the Borrower fails to fulfill an obligation set out in the assigned or hypothecated Non-registered Annuity Contract and does not remedy the situation within ten (10) days after notice is given by iA Financial Group advising of said default;
- the Borrower becomes or is about to become insolvent or bankrupt, assigns his assets to his creditors, takes advantage, or attempts to take advantage of, the *Bankruptcy and Insolvency Act* (Canada) (the "Act") or any other legislation relating to arrangements with creditors;
- the Borrower ceases to honour his obligations in the normal course of business as they fall due;
- the Borrower or the assigned or hypothecated Non-registered Annuity Contract is the subject of a receiving order, liquidation order, dissolution order or any other such order;
- the Borrower is in arrears or fails to remit taxes or other charges that he/she is legally required to pay to the appropriate government authorities;
- the Borrower does not fulfill any obligation arising herein and does not remedy the situation within ten (10) days after notice is given by iA Financial Group advising of said default;
- any of the information or documentation provided by the Borrower to iA Financial Group herein proves to be false, incomplete or inaccurate;
- the Borrower passes away.

12. COMPANY'S REMEDIES

In the event of default, iA Financial Group, without giving formal notice, may exercise any of its contractual or statutory rights or remedies, including but not limited to, the right to surrender the assigned or hypothecated Non-registered Annuity Contract as indicated in section 14 below, a personal action, and the hypothecary rights and remedies (if the Borrower resides in Quebec) allowed by law. In all cases, iA Financial Group is entitled to payment of all of its expenses.

iA Financial Group's failure to exercise a right shall not constitute a waiver of such right for the future. Moreover, iA Financial Group's approval of the payment of a sum of money by the Borrower following default shall not constitute a waiver of its other rights and remedies. iA Financial Group's decision to exercise one or more of its rights under this Loan Agreement or under the law shall not prevent it from exercising any other rights that it may possess.

13. FORFEITURE OF TERM

In the event of default and subject to section 19 "Clauses required under the Quebec *Consumer Protection Act and Regulations*", iA Financial Group may, but is not required to claim forfeiture of term and to demand immediate payment of the full Loan Amount.

14. RIGHT TO SURRENDER THE ASSIGNED OR HYPOTHECATED NON-REGISTERED ANNUITY CONTRACT

In addition to the other remedies provided in this Loan Agreement, in the event of default iA Financial Group is hereby authorized, irrevocably and without additional authorization from the Borrower being required, to surrender all or part of the assigned or hypothecated Non-registered Annuity Contract in order to remedy said default, up to the balance of the Loan Amount.

15. TERMINATION OF CONTRACT PRIOR TO MATURITY

Should the Borrower die or become unable to make the monthly payments, iA Financial Group may terminate the present Loan Agreement and demand immediate payment of the Loan Amount.

Furthermore, the Borrower acknowledges that if, further to legislative or regulatory changes or an interpretation by the courts of any law, regulation(s) or this Loan Agreement, iA Financial Group can no longer legally grant this loan or any additional loans, or can no longer legally fulfill all or some of its obligations under this Loan Agreement, iA Financial Group may terminate this Loan Agreement and demand immediate payment of the full Loan Amount.

16. BORROWER'S DECLARATIONS

The Borrower declares the following:

- No claims are pending, or in process, against the Borrower, and no action, suit or proceeding is threatened, pending or in process against the Borrower or his/her property which could adversely affect the Borrower's financial situation;
- The Borrower is not in default under the contracts to which he/she is a party;
- The Borrower is not in arrears in his/her income tax payments or in any other taxes or remittances that he/she is legally bound to pay to a government authority; and
- The Borrower has the requisite power and capacity to enter into this Loan Agreement and to comply with the obligations stipulated herein.

17. APPROVAL OF THE LOAN

The Borrower acknowledges that the coming into force of this Loan Agreement is subject to approval of the loan application by iA Financial Group, at its sole discretion, and that iA Financial Group makes no representation whatsoever that such approval shall be granted. Prior to any loan advance, iA Financial Group must receive all required documents, duly completed and signed by the Borrower. The Borrower understands that no loan application shall be approved by iA Financial Group without the consent of the irrevocable beneficiary, where an irrevocable beneficiary has been designated in the assigned or hypothecated Non-registered Annuity Contract.

18. NON-LIABILITY OF IA FINANCIAL GROUP

In no case shall iA Financial Group be liable for any losses, damages or expenses of any kind whatsoever that are sustained or incurred by the Borrower in relation to this Loan Agreement. More specifically, but without limiting the generality of the foregoing, iA Financial Group shall not be liable for any indirect losses or damages, lost profits or any other special or consequential damages for any acts or omissions by iA Financial Group relating to its obligations contained in the Loan Agreement or otherwise at law.

Furthermore, iA Financial Group shall not be liable for any losses, damages or expenses sustained or incurred by the Borrower due to iA Financial Group's failure to disburse part or all of the Total Principal Amount in relation to the investments, or through any other use of the Total Principal Amount by the Borrower or in relation to the garnishment, recovery, realization or exercise of any rights and remedies of iA Financial Group with respect to the assigned or hypothecated Non-registered Annuity Contract.

19. CLAUSES REQUIRED UNDER THE QUEBEC CONSUMER PROTECTION ACT AND REGULATIONS (FOR QUEBEC BORROWERS ONLY)**“Contract for the loan of money”**

1. The Consumer may cancel this Contract without charge within two (2) days following that on which each party takes possession of a duplicate of this Contract.

To cancel the Contract, the Consumer must:

- a) return the money to the Merchant or its representative if he/she received the money at the time each party took possession of a duplicate of the Contract;
- b) send a notice in writing to that effect, or return the money to the Merchant or its representative if the money was not returned to him/her at the time each party took possession of a duplicate of the Contract.

The Contract is cancelled, without further formality, as soon as the Consumer returns the money or forwards the notice.

2. If the Consumer uses the money to make full or partial payment for the purchase or lease of goods or services, he/she may, if the money Lender and the vending or leasing Merchant regularly work together with a view to the granting of loans of money to consumers, plead against the money Lender any ground of defence that he/she may urge against the vending or leasing Merchant.

3. The Consumer may pay, in whole or in part, amount of his/her obligation before Maturity.

The balance due is equal at all times to the sum of the balance of net capital and credit charges computed in accordance with the Act and the General Regulation made under the Act.

4. The Consumer may, once a month and without charge, request a statement of account from the Merchant; the latter must furnish him/her with the statement of account or forward it to him/her as soon as possible but at the latest within ten (10) days of the receipt of the request.

In addition to the statement of account prescribed above, the Consumer who wishes to pay the balance of his/her obligation before Maturity may, at all times and without charge, request a statement of account from the Merchant; the latter must furnish him/her with the statement of account or forward it to his/her as soon as possible but at the latest within 10 days of the receipt of the request.

It is in the Consumer's interest to refer to sections 73, 74, 76, 91, 93 and 116 of the *Consumer Protection Act* (R.S.Q., c. P-40.1) and, where necessary, to contact the Consumer Protection Agency.

“Clause of forfeiture of benefit of the term”

Before availing itself of this clause, the Merchant must send the Consumer a notice in writing and a statement of account.

Within 30 days following receipt by the Consumer of the notice and the statement of account, the Consumer may:

- a) either remedy the fact that he/she is in default; or
- b) present a motion to the court to have the terms and conditions of payment prescribed in this Contract changed.

It is in the Consumer's interest to refer to sections 104 to 110 of the *Consumer Protection Act* (R.S.Q., c. P-40.1) and, where necessary, to contact the Consumer Protection Agency.

20. MISCELLANEOUS

Applicable laws – The Loan Agreement shall be governed by the laws in force in the Borrower's province of residence.

Severability – Each provision of the Loan Agreement shall apply to the extent permitted by law, and the total or partial invalidity or unenforceability of a provision shall have no impact on the rest of such provision nor on any other provision of this Loan Agreement.

Other documents – The Borrower shall, at his/her own expense and as soon as iA Financial Group so requests, prepare and sign all documents and take all measures as may reasonably be required by iA Financial Group to give full effect to the Loan Agreement and to the Collateral Assignment or Movable Hypothec with delivery that is assigned or granted herein.

File and personal information – In order to ensure the confidentiality of your personal information, iA Financial Group shall establish a file containing this Loan Agreement. The information in your file shall be used for the purposes of evaluating this loan application, administering and enforcing the Loan Agreement and for marketing purposes.

Access to your personal information shall be limited to iA Financial Group's employees, agents or service providers in the performance of their duties, to individuals to whom you have granted access and persons authorized by law. You have the right to request access to your personal information contained in this file and, if necessary, to correct any inaccurate information. In order to do so, send a written request to:

Industrial Alliance Insurance and Financial Services Inc.

Chief Privacy Officer

1080 Grande Allée West

PO Box 1907, Station Terminus

Quebec City, Quebec G1K 7M3

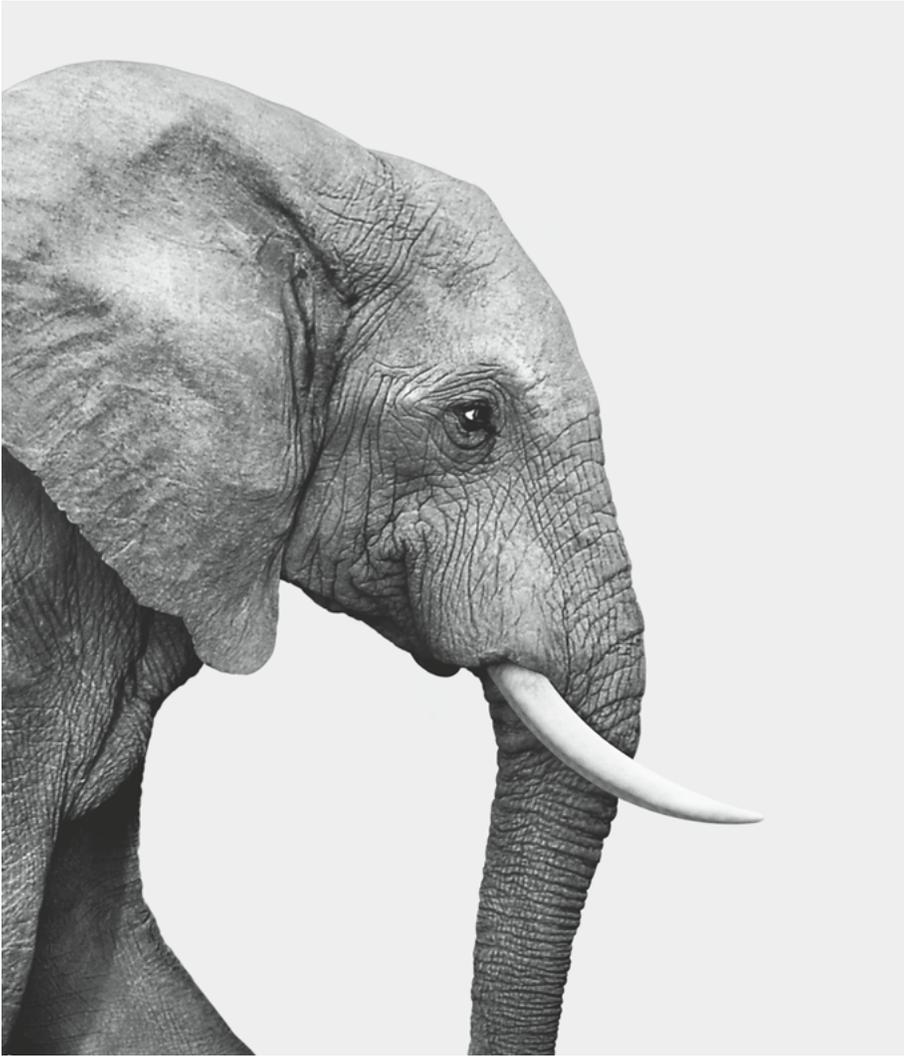
iA Financial Group may establish a list of clients for marketing purposes for use by iA Financial Group or the companies in its group. To have your name removed from this list, send a written request to the Chief Privacy Officer at the above-mentioned address.



Denis Ricard
President and Chief Executive Officer



Jennifer Dibblee
Corporate Secretary



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Application

About iA Financial Group

Founded in 1892, iA Financial Group offers life and health insurance products, mutual and segregated funds, savings and retirement plans, RRSPs, securities, auto and home insurance, mortgages and car loans and other financial products and services for both individuals and groups. It is one of the four largest life and health insurance companies in Canada and one of the largest publicly traded companies in the country. iA Financial Group stock is listed on the Toronto Stock Exchange under the ticker symbol IAG.

Customer Service contact information - Individual Savings and Retirement:

Telephone number: 1-844-4iA-INFO (1-844-442-4636) Information: savings@ia.ca

Quebec:

1080 Grande Allée West
PO Box 1907, Station Terminus
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