

BMO TAX-FREE SAVINGS ACCOUNT TRUST AGREEMENT

BMO Trust Company (the **Trustee**) will act as trustee of an arrangement for a BMO tax-free savings account (**TFSA**), as defined under the *Income Tax Act* (Canada) (the **Act**), with the applicant named in the attached application or, at or after the death of the applicant, with the spouse or common-law partner who is the applicant's survivor designated in accordance with the first paragraph of section 13. The applicant and, after the applicant's death, the survivor is known as the **Accountholder**. This arrangement for a TFSA is known as the **Account**. The Account is governed by the terms and conditions of this Trust Agreement, the attached application and applicable law including, without limitation, the Act.

The Trustee may delegate the performance of any of the Trustee's tasks, duties and responsibilities in respect of the Account to Bank of Montreal and BMO Investments Inc. (the **Agents**). The Trustee shall, however, remain ultimately responsible for the administration of the Account.

The terms **spouse**, **common-law partner** and **survivor** have the same meanings as defined or used under the Act, as it may be altered or amended from time to time. The Accountholder is referred to as the **holder** in the Act.

1. REGISTRATION. The Trustee will file an election with the Minister of National Revenue to apply to register the arrangement as a TFSA under the Act and any applicable provincial legislation relating to TFSAs.

2. ACCOUNTHOLDER. The Accountholder must be an individual (and not a trust), who is at least 18 years of age. The statement of the Accountholder's date of birth on the attached application or otherwise shall constitute a certification by the Accountholder and an undertaking to furnish such further evidence of proof of age as may be required by the Trustee or the Agents.

3. CONTRIBUTIONS AND TRANSFERS IN. Contributions and transfers (from another TFSA) of cash and other property may be made to the Account by the Accountholder (but no one other than the Accountholder may make a contribution). The property of the Account shall consist of such contributions and transfers, together with any income or gains earned or realized, and shall be held in trust by the Trustee and used, invested or otherwise applied, in accordance with this Trust Agreement, for the purpose of the Trustee making distributions out of or under the Account (in accordance with section 10) to the Accountholder.

4. INVESTMENTS. The Account shall be invested and reinvested by the Trustee exclusively on the instructions of the Accountholder (or of a person authorized by the Accountholder, in a form and manner satisfactory to the Trustee or the Agents, to manage the investments of the Account). The Account may be invested in investments which require delegation, such as mutual funds, pooled funds and segregated funds. The Account may be invested in investments which are issued by the Trustee, the Agents or any of their affiliates.

Bank of Montreal will be the bank and BMO Investments Inc. will be the mutual fund dealer for the Accountholder in connection with the Account. In their capacity as the bank and mutual fund dealer for the Accountholder in connection with the Account, Bank of Montreal and BMO Investments Inc. will be governed by the laws, rules and regulations applicable to banks or mutual fund dealers respectively.

Neither the Trustee nor the Agents shall have any duty or responsibility, fiduciary or otherwise (including, for greater certainty, under any legislation regarding trustee investment duties and powers) to make or choose any investment, to decide whether to hold or dispose of any investment or to exercise any discretion with regard to any investment of the Account, except as otherwise expressly provided in this Trust Agreement. Other than its duties with respect to the Account or its property as expressly stated in this Trust Agreement, the Trustee shall not be required or expected to take any action with regard to an investment without prior instructions from the Accountholder.

5. RECORDKEEPING FOR THE ACCOUNT. The Trustee will record all contributions and transfers made to the Account, all investment

transactions and investment earnings, gains and losses and all distributions and transfers made from the Account. The Agents will prepare periodic statements of the Account in accordance with the rules, regulations and practices applicable to banks or mutual fund dealers respectively.

6. EXCESS CONTRIBUTIONS. It is the responsibility of the Accountholder to determine whether there is an **excess TFSA amount** (as defined under the Act) of the Accountholder at any time in a year. If there is an excess TFSA amount, it is the responsibility of the Accountholder to file an income tax return and pay the applicable tax under Part XI.01 of the Act.

7. CONTRIBUTIONS BY NON-RESIDENT. It is the responsibility of the Accountholder to determine whether he/she makes a contribution to the TFSA at a time when he/she is a non-resident of Canada for income tax purposes. If a contribution is made by an individual when he/she is non-resident, it is the responsibility of the individual to file an income tax return and pay the applicable tax under Part XI.01 of the Act.

8. NON-QUALIFIED AND PROHIBITED INVESTMENTS. The Trustee will exercise the care, diligence and skill of a reasonably prudent person to minimize the possibility that the Account holds a **non-qualified investment** (as defined under the Act) for a TFSA. However, if the Account acquires an investment that is a non-qualified investment or a **prohibited investment** (as defined under the Act) for a TFSA, or if property held in the Account becomes a non-qualified investment or a prohibited investment for a TFSA, it is the responsibility of the holder to file an income tax return and pay the applicable tax under Part XI.01 of the Act.

9. ADVANTAGE EXTENDED. If an **advantage** (as defined under the Act) in relation to a TFSA is extended to the Accountholder or to a person who does not deal at arm's length with the Accountholder, it is the responsibility of the Accountholder to file an income tax return and pay the tax under Part XI.01 of the Act; except that if the advantage is extended by the Trustee (or by the Agents, acting as the agents of the Trustee) or by a person with whom the Trustee is not dealing at arm's length, it is the responsibility of the Trustee to file an income tax return and pay the applicable tax under Part XI.01 of the Act.

10. DISTRIBUTION TO ACCOUNTHOLDER. The Accountholder may at any time instruct the Trustee to make a payment out of or under the Account, in satisfaction of all or part of the Accountholder's interest in the Account. The Accountholder may at any time instruct the Trustee to make distributions to reduce the amount of tax otherwise payable by the Accountholder under section 207.02 or 207.03 of Part XI.01 of the Act.

11. TRANSFER TO ACCOUNTHOLDER. The Accountholder may at any time instruct the Trustee to make a transfer of all or any part of the property of the Account (or an amount equal to its value) directly from the Account to another TFSA of which the Accountholder is the holder.

12. TRANSFER UPON BREAKDOWN OF MARRIAGE OR COMMON-LAW PARTNERSHIP. The Accountholder may at any time instruct the Trustee to make a transfer directly from the Account to another TFSA of which the holder is the spouse or common-law partner or former spouse or common-law partner of the Accountholder, if (a) the Accountholder and the Accountholder's spouse or common-law partner or former spouse or common-law partner are living separate and apart at the time of transfer; and (b) the transfer is made under a decree, order or judgment of a competent tribunal, or under a written separation agreement, relating to a division of property between the individuals in settlement of rights arising out of, or on the breakdown of, their marriage or common-law partnership.

13. DEATH OF ACCOUNTHOLDER. The applicant named in the attached application (in this section 13, the **Initial Accountholder**) may appoint his or her spouse or common-law partner as a beneficiary of the trust constituted pursuant to this Trust Agreement and the Accountholder (in this section 13, the **Successor Accountholder**) in the event of the death of the Initial Accountholder. Such appointment shall be made using the attached application or another form provided by the Agents, and shall be effective on the death of the Initial Accountholder provided the individual who is appointed is the Initial Accountholder's survivor. A

Successor Accountholder shall, at and after the death of the Initial Accountholder, have all of the Initial Accountholder's rights as the holder of the Account, provided the individual so appointed is the Accountholder's survivor. The Accountholder may change or revoke such an appointment. The rights acquired by the individual so appointed include the unconditional right, at and after the death of the Accountholder, to revoke any beneficiary designation made (or similar direction imposed) by the Accountholder under the paragraph below or relating to the property held in connection with the Account.

The Accountholder may designate (and may add, change or delete) a beneficiary or beneficiaries of the Account in accordance with, and in the form and manner provided by, applicable law. A beneficiary so designated may be or include the Accountholder's spouse or common-law partner. After the death of the Accountholder, the Trustee will distribute the property of the Account in accordance with applicable law to any beneficiaries of the Account so designated (except that, if the Accountholder's survivor is appointed under the paragraph above, the provision of the paragraph above will take precedence). Where no beneficiary has been so designated or the Trustee has not been notified of any beneficiary in accordance with applicable law, the Trustee will distribute the property of the Account to the legal personal representative(s) of the Accountholder.

Before recognizing the acquisition of all of the Accountholder's rights under the first paragraph, or before making a distribution to a beneficiary or beneficiaries or the legal personal representative(s) under the second paragraph, the Trustee must receive satisfactory evidence of death and such satisfactory instructions, releases, indemnities and other documents as the Trustee may require.

Where the Trustee, after making reasonable requests for instructions from the Accountholder's spouse or common-law partner or the beneficiary or beneficiaries or the legal personal representative(s), does not receive satisfactory instructions within a reasonable time, the Trustee may in its discretion distribute the Account to the spouse or common-law partner, beneficiary or beneficiaries or the legal personal representative(s) of the Accountholder. The Trustee may in its discretion liquidate all or any part of the Account before making any such distribution. Any such liquidation shall be made at such prices as the Trustee shall in its discretion determine to be the fair market value of the property at the time. In the event the Trustee determines that it is advisable or desirable to pay part or all of the property of the Account into court, the Trustee shall be entitled to be indemnified out of the property of the Account for its costs and expenses, including legal costs, of doing so.

14. OTHER CONDITIONS. The Account will be maintained for the exclusive benefit of the Accountholder (determined without regard for the right of a person to receive a payment out of or under the Account only on or after the death of the Accountholder, in accordance with section 13). While there is an Accountholder, no one that is neither the Accountholder nor the Trustee has rights under the Account relating to the amount and timing of distributions and the investing of the property of the Account.

The Trustee is prohibited from borrowing money or any other property for the purposes of the Account. The Accountholder may use his/her interest or, for civil law, right in the Account as security for a loan or other indebtedness. But the Accountholder will not sign any document or authorize any action for the Account in the name of the Trustee or the Agents, including using his/her interest or, for civil law, right in the Account (or permitting any property of the Account to be used) as security for a loan or other indebtedness, without first having authorization from the Trustee.

15. CEASING TO BE A TFSA. The Account will cease to be a TFSA immediately before the earliest of the following times: (i) the time at which the last Accountholder dies; (ii) the time the Account ceases to be a **qualifying arrangement** (as defined under the Act); or (iii) the earliest time at which the Account is not being administered in accordance with the conditions in subsection 146.2(2) of the Act. If the Account ceases to be a TFSA, the arrangement will nevertheless continue as a trust for the benefit of the Accountholder governed by this Trust Agreement and the attached application, except that no further contributions or transfers may

be made to the Account under section 3 and no transfers or distributions may be made under sections 11 or 12. The trust ends, and this Trust Agreement terminates, at the time when all the property of the Account has been disbursed, whether as a distribution to the Accountholder, spouse, common-law partner, a beneficiary or legal personal representative of the Accountholder or paid or charged on account of fees, commissions, expense, taxes penalties and interest.

16. THIRD PARTY ORDERS OR DEMANDS. The Trustee shall be entitled to be indemnified out of the property of the Account in respect of any costs, expenses, charges or liabilities whatsoever that may arise out of the Trustee's good faith compliance with any law, regulation, judgment, seizure, execution, notice or similar order or demand which lawfully imposes on the Trustee a duty to take or refrain from taking any action concerning the Account or part or all of its property, or to issue payment from the Account, with or without instructions from the Accountholder or in contradiction of instructions of the Accountholder. The Trustee may permit any duly authorized person to have access to and the right to examine and make copies of any records, documents, paper and books involving any transaction of the Account or related to the Account and shall similarly be entitled to indemnity out of the property of the Account for so doing. In the event the property of the Account shall be insufficient to indemnify the Trustee fully in any such regard, by establishing the Account the Accountholder agrees to indemnify and hold the Trustee harmless for any such costs, expenses, charges or liabilities.

17. OWNERSHIP AND VOTING RIGHTS. The Trustee may hold any property or investment of the Account in its own name, in the name of its nominee, in bearer form or in such other name as the Trustee may determine. The voting or other ownership rights attached to any investments held in the Account may be exercised by the Accountholder and the Accountholder is appointed as the Trustee's agent and attorney for this purpose, to execute and deliver proxies and/or other instruments, in accordance with applicable laws.

18. FEES, EXPENSES, TAXES, INTEREST AND PENALTIES. The Trustee and/or the Agents may charge administration and transaction fees, in such amounts and at such times as may be fixed by the Trustee and/or the Agents from time to time, provided that the Trustee and/or the Agents will give reasonable prior written notice to the Accountholder of a change in the amount of such fees. Such fees may be paid for out of, or recovered from, the property of the Account, to the extent that they are not paid when due by the Accountholder.

The Accountholder acknowledges that Bank of Montreal and BMO Investments Inc. may charge fees, commissions and expenses to the property of the Account in their capacity as the banker and mutual fund dealer for the Accountholder.

The Trustee and/or the Agents may charge expenses incurred by the Trustee and/or the Agents in the administration of the Account. Such expenses may be paid out of, or recovered from, the property of the Account, to the extent that they are not paid on a timely basis by the Accountholder.

All taxes, penalties, and interest applicable to the Account, such as with regard to non-qualified investments, shall be charged to the Account. Such taxes, interest and penalties will be paid for out of, or recovered from, the property of the Account.

The Trustee may, without instructions from the Accountholder, apply any cash held in the Account for the payment of fees or expenses or taxes, penalties and interest charged to the Account. Where there is insufficient cash in the Account at any time, the Trustee or the Agents shall make reasonable requests for instructions from the Accountholder regarding which investments of the Account to liquidate in order to realize sufficient cash to make the payment. If, after making reasonable requests from the Accountholder at the last address provided by the Accountholder, the Trustee or the Agents do not receive satisfactory instructions from the Accountholder within a reasonable time, the Trustee may, in its discretion, liquidate part or all of the property of the Account in order to realize sufficient cash to make the payment. Any such liquidation shall be made at such prices as the Trustee may in its discretion determine to be the fair market value of the property at the time.

19. INSTRUCTIONS. The Trustee and the Agents shall be entitled to rely upon instructions received from the Accountholder or from any person designated in writing, in accordance with applicable laws, by the Accountholder to give instructions on behalf of the Accountholder or from any person purporting to be the Accountholder or such designated person, as if they were from the Accountholder. The Trustee or the Agents may, without incurring any liability to the Accountholder or any other person, decline to act upon any instruction if the instruction is not given in a timely manner, is not in writing where the Trustee or Agents require it, is not in a form or format which the Trustee or Agents require, or in the opinion of the Trustee or Agents is not complete or does not otherwise comply with the Trustee's or Agents' other requirements at such time; or if any of them has any doubt that the instruction has been properly authorized or accurately transmitted.

20. NO LIABILITY. Neither the Trustee nor the Agents shall be liable to the Accountholder (or to the spouse or common-law partner of the Accountholder, or any beneficiary or legal personal representative of the Accountholder) for any loss to or diminution of the property of the Account or for any other losses, expenses, taxes, interest and penalties, damages, claims or demands resulting from any of their acts or omissions, or for acting in accordance with instructions or failing to act in the absence of instructions, except to the extent that it is caused by their negligence, wilful misconduct or lack of good faith.

The Trustee and the Agents shall be entitled to be indemnified out of the property of the Account for all costs, expenses, taxes, interest or penalties, charges or liabilities of whatever nature or kind which may in any way arise out of or be connected with this Trust Agreement or the Account except to the extent that such costs, expenses, taxes, interest or penalties, charges or liabilities are directly caused by the negligence, wilful misconduct or lack of good faith on the part of the Trustee or the Agents. In the event the property of the Account shall be insufficient to indemnify the Trustee and the Agents fully in any such regard, by establishing the Account the Accountholder agrees to indemnify and hold the Trustee and the Agents harmless for any such costs, expenses, charges or liabilities.

21. AMENDMENT. The Trustee may from time to time in its discretion amend this Trust Agreement or the attached application which comprise the Account by giving 30 days prior notice to the Accountholder; provided however that any amendment shall not disqualify the Account as a TFSA acceptable for registration under the Act or any applicable provincial legislation.

22. REPLACEMENT OF TRUSTEE. The Trustee may resign upon 60 days' prior written notice given to the Agents (or such shorter notice as the Agents may accept). The Agents may terminate the Trustee as trustee upon 60 days prior written notice given to the Trustee (or such shorter notice as the Trustee may accept). Upon the resignation or termination of the Trustee, the Trustee shall be released and discharged from all duties and liabilities under this Trust Agreement. Where the Trustee resigns or is terminated, the Agents shall appoint a successor trustee who is permitted to be the issuer of a TFSA under the Act. The Agents shall give the Accountholder written notice of the successor trustee within 30 days of the appointment.

23. NOTICE. Any notice given by the Trustee to the Accountholder regarding the Account (including this Trust Agreement) shall be

sufficiently given if it is delivered to the Accountholder personally or if it is mailed, postage prepaid, to the Accountholder at the address set out in the attached application or the last address provided by the Accountholder. If mailed, any such notice shall be deemed to have been delivered by the tenth business day following the day of mailing.

24. BINDING. The terms of this Trust Agreement shall be binding upon the survivor, beneficiaries, heirs, executors and administrators of the Accountholder and upon the respective successors and assigns of the Trustee and the Agents. This Agreement may be assigned by the Trustee at any time to a person who is permitted to be the issuer of a TFSA under the Act; however the Accountholder may not assign this Trust Agreement.

25. GOVERNING LAW. This Trust Agreement shall be governed by and interpreted in accordance with the laws of the jurisdiction in Canada in which the branch of the Agents (or an affiliate) is located where the Account is maintained.

SAVINGS ACCOUNT TERMS & CONDITIONS

The following sets out the terms and conditions of the investments referred to on the application form ("the Application"). "Account" means the Tax-Free Savings Account under which the investments are held, which Account is governed by the BMO Tax-Free Savings Account – Trust Agreement entered into between BMO Trust Company and the accountholder of the Account (the "Accountholder"). "BMMC" refers to Bank of Montreal Mortgage Corporation and "Bank" refers to Bank of Montreal.

A TFSA Savings Account is offered by the Bank. The initial minimum amount which may be deposited in a TFSA Savings Account is \$50 and thereafter the minimum deposit is \$25.

1. Interest. Interest is calculated on the daily closing balance and paid at the end of each month. Interest will be calculated and paid on the portion of the balance within each tier. The interest rates are subject to change.

2. Redeemability. A TFSA Savings Account is payable in whole or in part upon request.

3. Amendments. The issuers of the investments may from time to time in their discretion amend these Terms and Conditions. The Accountholder agrees to amendments made when notice is given in the Bank's Canadian branches or any other manner which the issuers may determine from time to time.

4. Payments. A payment request regarding any investment is subject to processing time for the payment. All investments are payable in Canadian Dollars.

5. Maturity Instructions. If the Accountholder does not wish to have the proceeds of the investment reinvested in accordance with these Terms and Conditions, the Accountholder must advise the Bank in writing at least ten days prior to the Maturity Date of the particular investment.

6. Statements. An account statement will be forwarded semi-annually, unless otherwise requested. The statement will serve as confirmation of the interest rates for the investment(s).