

**SCOTIA DEALER ADVANTAGE RETAIL FINANCING PROGRAM
DEALER AGREEMENT**

This Agreement executed on _____ by Scotia Dealer Advantage Inc (“SDA”) and _____ (the “Dealer”).
(Dealership Legal Name)

WHEREAS the Dealer carries on the business of selling vehicles and has requested credit, loan administration and other services from SDA in respect of the Dealer’s financing activities;

AND WHEREAS SDA is willing to extend credit, loan administration and other services to the Dealer in respect of the Dealer’s financing activities on the security of the vehicles (hereinafter jointly and severally referred to as “vehicles” and each a “vehicle”) to be financed and assignments of loan payments to be made under the security agreements;

AND WHEREAS the Dealer and SDA wish to set out the terms and conditions under which the credit, loan administration and other services will be made available by SDA to the Dealer;

WITNESSES that in consideration of the mutual promises and covenants herein contained, the parties agree as follows:

A. Scope of Agreement

This Agreement applies to the billing and collection by SDA of certain loan payments payable under security agreements (acceptable to SDA) of vehicles in respect of which SDA has extended credit and in which SDA has a security interest under security documentation including security agreements and movable hypothecs in any form acceptable to SDA (individually, the “Security Agreement” and collectively, the “Security Agreements”).

B. Procedure

Credit Investigation: The Dealer shall furnish to SDA the full legal name, address, date of birth and occupation of each borrower whose loan payments the Dealer desires to be administered under this Agreement, together with any further information SDA may reasonably request to enable it to investigate the credit standing of each potential borrower (including the borrower’s consent to a credit investigation by SDA in a form acceptable to SDA) and when required by SDA to retain for the term of the loan and provide to SDA such information and documentation. Upon receipt of the information and required consents, SDA shall conduct a credit investigation and notify the Dealer whether it will extend credit to the prospective borrower and administer the loan payments from the borrower under this Agreement.

Verification of Identity (refer to Schedule “B”): The Dealer shall act as an agent for SDA by verifying the identity of the borrower or borrowers in accordance with the procedures described in the schedule attached to this agreement. SDA may amend its identification procedures from time to time and will notify the Dealer of any such changes. The Dealer agrees to comply with the procedures at all times.

Documentation: Upon notification by SDA that it will extend credit to the borrower and administer the loan payments, the Dealer shall furnish SDA with:

- (1) an executed hypothec, loan agreement and other security agreement (each a “Security Agreement”) in the form satisfactory to SDA creating a valid security interest in the purchased vehicles;
- (2) an executed copy of the completed loan agreement with the borrower in the form satisfactory to SDA together with any attachments;
- (3) an executed copy of the borrower’s completed signed credit application in the form satisfactory to SDA together with any attachments;
- (4) any additional documentation or information SDA may reasonably request to enable it to properly investigate, document and secure the extension of credit to the borrower and the administration of loan payments under this Agreement. In the event such additional documentation or information satisfactory to SDA is not provided by the Dealer to SDA within ten business days of a written request by SDA to the Dealer for such additional documentation or information, the Dealer shall repay to SDA all funds advanced by SDA to the borrower and the Dealer with respect to the Security Agreement from the borrower. On payment of such funds by the Dealer to SDA, SDA shall assign and transfer the applicable Security Agreement from the borrower and all related loan documentation to the Dealer;
- (5) photocopies of the original documentation used by the Dealer to verify the identity of the borrower or borrowers in accordance with the procedures described in the schedule attached to this agreement.

The Dealer understands and agrees that SDA following its credit investigation and due diligence with respect to the proposed borrower or borrowers may refuse to advance funds, or may cancel proposed credits for the specific unacceptable borrower credits and return to the Dealer any Security Agreement which SDA acting in a commercially reasonable manner determines would impose upon on SDA a risk of fraud, involvement in any other money laundering activities or involvement in any other criminal activity which could negatively impact on the business or reputation of SDA.

C. Credit, Loan Administration and Other Services

Upon receipt by SDA of the documents to be provided under this Agreement in form satisfactory to SDA, SDA agrees to:

- (1) pay to the Dealer the proceeds of the loan secured by the Security Agreement in the amount determined by SDA, and the loan to the borrower shall be recorded in the books of SDA having the same date as the date of the Security Agreement signed by the borrower and in the amount of such payment with interest, calculated monthly and payable weekly, bi-weekly or monthly at SDA's current rate;
- (2) collect loan payments due under the loan agreement and follow up with any borrower in default for payment of past due payments;
- (3) apply collected payments to reduce the amount of the borrower's obligation to SDA secured by the Security Agreement;
- (4) monitor and obtain confirmation of any required insurance coverage under borrower's primary insurance policy;
- (5) repossess a financed vehicle if the borrower is in default under the loan agreement and notify the Dealer;
- (6) dispose of any repossessed vehicle and apply the proceeds of the disposition of the vehicle towards the settlement of the borrower's obligations to SDA relating to the financed vehicle.

D. Dealer's Agreements

The Dealer agrees:

- (1) to forward to the appropriate government authorities promptly when due, the amount remitted to the Dealer in respect of the federal goods and services taxes, provincial sales taxes and other applicable sales taxes;
- (2) to indemnify and save harmless SDA against all actions, proceedings, claims and demands of any kind whatsoever of or by a borrower or any other person and all losses, damages, costs and expenses (including reasonable legal expenses) in any way relating to a breach or alleged breach by the Dealer of a sale agreement relating to a vehicle in which SDA has or had a security interest under a Security Agreement;
- (3) to forward to the appropriate vendor and supplier promptly when due the amount remitted by the borrower to the Dealer in respect of extended warranties, accessories, theft protection, insurance, rust proofing services,

and other such products and services for which the borrower has paid the Dealer;

- (4) that SDA may contract with third party vendors as determined by SDA and assign completion of specified loan administration services to fulfill SDA's obligations to the Dealer;
- (5) that the performance of SDA's obligations to the Dealer under Section C of this Agreement is subject to the following conditions in respect of each loan agreement administered by SDA on behalf of the Dealer:
 - (a) that the full legal names including middle name or initial (as required by applicable personal property security legislation) and date of birth of the borrower and the vehicle identification number of the vehicle are each accurately set out and identified in the loan agreement;
 - (b) that any down payment or security deposit obtained from the borrower under the loan agreement is exactly as specified in the loan agreement;
 - (c) that to the Dealer's best knowledge, the financed vehicle is registered exclusively to the borrower or in the borrower's own business and not for hire, as noted on the Bank's required credit application form
 - (d) that all disclosures required by law, relative to the sale agreement and the vehicle were made by the Dealer to the borrower prior to the execution of the loan agreement;
 - (e) that the Dealer shall use its best commercially reasonable efforts to comply with and honour all manufacturer recall programs;
 - (f) that during the previous ninety (90) days from the date of the loan agreement and contemporaneous with the proposed loan transaction the Dealer has not leased to or arranged financing for the borrower to purchase or lease a new or used motor vehicle from the Dealer without the prior written consent of SDA;
- (6) To indemnify and save harmless SDA against any and all losses, damages, costs and expenses (including reasonable legal expenses) in any way relating to any Dealer Preventable Fraud (as hereinafter defined) or known fraudulent activity by a borrower, any Dealer Preventable Money Laundering (as hereinafter defined) including but not limited to verification of identification and source of cash down payment in excess of \$10,000 and less than \$10,000 where SDA has requested proof of down

payment as a condition of approval in situations where cash down payment is not commensurate with the borrower's declared financial means or known money laundering activity by a borrower, an ineligible Vehicle (i.e. Stolen or Salvage Vehicle) or the misrepresentation of the status of a Vehicle (i.e. Stolen/Recovered Vehicle or Stolen/Recovered/Damaged/Repaired Vehicle) sold by the Dealer. The Dealer agrees to disclose to SDA before the adjudication by SDA of the borrower's credit application with respect to the financing of the sale of the vehicle or other personal property by the Dealer to the borrower whether a Vehicle is a Written Off Vehicle, a Stolen Vehicle, a Salvage Vehicle, a Stolen/Recovered Vehicle or a Stolen/Recovered /Damaged/ Repaired Vehicle and when not disclosed the Dealer is deemed to have represented and warranted to SDA that the financed vehicle or other personal property sold to the borrower is not so classified by any insurance company. A "Dealer Preventable Fraud" is a fraud or fraudulent activity by a borrower which would have been identified and prevented by commercially reasonable fraud detection activities, due diligence or commercially reasonable know your customer procedures initiated by the Dealer. "Dealer Preventable Money Laundering" is money laundering activity by a borrower which would have been identified and prevented by commercially reasonable money laundering detection activities, due diligence or commercially reasonable know your customer procedures initiated by the Dealer.

E. Payment in Full of Obligations under the Security Agreement

SDA's obligations under this Agreement will terminate with respect to any financed vehicle upon payment of the borrower's obligations secured by the related Security Agreement, together with accrued interest thereon, plus any outstanding fees or costs. Upon such payment, SDA shall without warranty or indemnity by SDA, release the Security Agreement and its security interest in the Security Agreement related to such vehicle and transfer to the borrower all of SDA's rights in such vehicle and related equipment.

If the Dealer breaches the terms of this Agreement or an individual Security Agreement (the "individual Security Agreement") or any other obligation of the Dealer to the Bank or the borrower pursuant to an individual Security Agreement the Dealer agrees to promptly pay to SDA the unpaid balance of a loan obligation secured by a particular individual Security Agreement to which the breach relates together with accrued and unpaid interest thereon, plus any outstanding fees or costs.

To induce SDA to make a loan to the borrower, the Dealer warrants that:

- the loan agreements and all related guarantees, insurance and other contracts into with the customer which form part of the selling price of the vehicle are genuine, legal, valid and enforceable,

- the identity of the borrower is as disclosed to SDA and corresponds to the identity of the person who took delivery of the vehicle from the Dealer;
- the signature of each borrower is genuine certified from the borrower's identification and witnessed by the Dealer
- the person signing as or for each borrower is the borrower or has authority to sign for the borrower,
- title to each vehicle and equipment is vested in the borrower free and clear of all liens and encumbrances;
- for the next ninety (90) days from the date of the loan agreement the Dealer will not lease to or arrange financing for the borrower to purchase or lease a new or used motor vehicle from the Dealer without the prior written consent of SDA; and
- the Dealer has the right to sell the vehicle and equipment.

To induce SDA to make a loan to the borrower, the Dealer, to the best of his knowledge, warrants that:

- each borrower is not a minor and has the capacity to contract;
- the Dealer knows of no fact or circumstance which would impair the validity or value of any of the loan agreements made by the borrowers with SDA;
- the vehicle and equipment are as described in the loan agreement, have been delivered to the borrower and are for the sole use of the borrower or third party with the prior written consent of the borrower.

In the event of a breach of any of the covenants, representations or warranties in this Agreement with respect to a loan agreement, notwithstanding other provisions of this Agreement, the Dealer shall repay to SDA within ten (10) business days of a written request for such repayment by SDA, the unpaid balance of the obligations secured by the related Security Agreement, together with accrued and unpaid interest thereon plus any outstanding fees or costs. The Dealer authorizes and directs SDA to make any such repayment by a debit to the accounts of the Dealer at The Bank of Nova Scotia.

The Dealer agrees to do all acts and execute all instruments of further assurance as SDA may from time to time reasonably request for the purpose of giving effect to the Security Agreements and this Agreement.

F. Evidence of Indebtedness

SDA shall maintain accounts and records evidencing the outstanding amount of principal and interest, fees and costs owing under the Security Agreements, all other amounts payable under banking arrangements between SDA and the borrower and all payments on account made by the borrower (the "Statement"). The Statement shall record the amount of each advance and

each payment of principal and interest and any other payment made by the borrower to SDA. The Statement when produced by SDA will constitute, in the absence of manifest error, conclusive evidence of the obligations of the borrower to SDA under the Security Agreement.

G. Duration of Agreement

SDA or the Dealer may terminate this Agreement by giving the other party written notice of its intention to do so, and this Agreement shall terminate on the termination date specified in the notice. Termination shall not affect the obligations or prejudice the rights of SDA and the Dealer with respect to credit extended and loan payments being administered under this Agreement at the effective termination date.

H. Other

The parties have expressly requested that this Agreement and all documents related hereto be drafted in the English language.

The Dealer acknowledges receiving a copy of this Agreement.

SCOTIA DEALER ADVANTAGE INC.

Dealer Legal Name

By: _____
(Authorized SDA Signature)

By: _____
(Authorized Dealership Signature)

Title: _____

Title: _____
(Print Name and Title)

By: _____
(Authorized Dealership Signature)

Title: _____
(Print Name and Title)

Schedule "A"

Third Party Business Referral Management Information and Documentation

In accordance with Anti Money Laundering Legislation and Government Regulatory Requirements, the following information is required for all third party business referral relationships. In accordance with Federal Privacy Legislation this information will not be distributed or used by Scotia Dealer Advantage for any purpose other than confirmation of the key management personnel of a dealership which provides third party business referrals to Scotia Dealer Advantage. (e.g. referral of borrowing customers)

Dealership's Signing Authority's Personal Information

Full Name _____
(Authorized Signing Authority)

Phone Number _____

Date of Birth: _____

Identification (one piece of photo identification):

Type: _____ # _____

Province: _____

Date and Place of Issue: _____

(SDA Witness)

Schedule "A"

Third Party Business Referral Management Information and Documentation

In accordance with Anti Money Laundering Legislation and Government Regulatory Requirements, the following information is required for all third party business referral relationships. In accordance with Federal Privacy Legislation this information will not be distributed or used by Scotia Dealer Advantage for any purpose other than confirmation of the key management personnel of a dealership which provides third party business referrals to Scotia Dealer Advantage. (e.g. referral of borrowing customers)

Business Manager Personal Information

Full Name _____

Phone Number _____

Date of Birth _____

Identification (one piece of photo identification):

Type: _____ # _____

Province: _____

Date and Place of Issue: _____

(SDA Witness)

Schedule “B”

Verification of Customer Identity Requirements (Scotia Dealer Advantage Retail Financing Program Dealer Agreement)

This schedule outlines the documentation which the Dealer must obtain from each borrower and deliver to SDA prior to funding any transaction in order to verify as agent for SDA the identity of each borrower. The attached schedule may be revised from time to time with prior notice provided to the Dealer.

Personal Indirect Lending

A. FOR EACH BORROWER:

- A photocopy, certified by the dealer (refer to the Dealer Agreement under Documentation, Subsection 5), of **one** piece of original picture identification listed on the Acceptable Identification Documents list below and bearing each borrower’s current address provided on the application.
- If the photocopy is not legible, then the dealer must handwrite the following information below the photocopy:
 - ✓ Type of identification
 - ✓ Date and Place of issue
 - ✓ Reference number (i.e. driver’s licence number, passport number, etc)
- The preferred identification document is a valid driver’s licence.
- If one piece of identification bearing the borrower’s picture and address is not available then the borrower may use any **two** pieces of identification noted on the **Acceptable Identification Documents** list below.

Non-Personal Indirect Lending

Corporation:

- A corporation is required to provide SDA with the following documentation:
 - ✓ The Articles of Incorporation
 - ✓ Documentation confirming Signing Authority on behalf of the corporation

FOR EACH OFFICER OF THE CORPORATION WITH SIGNING AUTHORITY (TO A MAXIMUM OF THREE):

- A photocopy, certified by the dealer (refer to the Dealer Agreement under Documentation, Subsection 5), of **one** piece of original picture identification listed on the Acceptable Identification Documents list below and bearing each authorized signing officer’s current address provided on the application.
- If the photocopy is not legible, then the dealer must handwrite the following information below the photocopy:
 - ✓ Type of identification
 - ✓ Date and Place of issue
 - ✓ Reference number (i.e. driver’s licence number, passport number, etc)
- The preferred identification document is a valid driver’s licence.
- If one piece of identification bearing the officer’s picture and address is not available then officer may use any **two** pieces of identification noted on the **Acceptable Identification Documents** list below.

Sole Proprietorship:

- Identification requirements should be treated in the same manner as for a Personal Applicant.
- Identification **must** be collected for the individual signing as the co-borrower on the Loan Documentation Agreement

Other Entity Types:

- For all other business entities, such as Partnerships, Not for Profit Organizations or Estates, please refer to your Area Manager for further clarification.

Acceptable Identification Documents (in order of preference)

1. A valid driver’s licence, as permitted to be used for identification purposes under provincial law (Quebec laws prevent us from asking for this information, however, we can photocopy or record the information if the customer volunteers it to us.)
2. A valid Canadian Passport
3. A Certificate of Canadian Citizenship or a Certification of Naturalization, in the form of a paper document or a card, but not a commemorative issue.
4. A Permanent Resident card or Citizenship and Immigration Canada Form IMM 1000, IMM 1442, IMM 5292.
5. A provincial health insurance card, as permitted to be used for identification purposes under provincial law

Provincial laws in Ontario, Manitoba, and PEI prohibit us from taking Government Health Insurance Card numbers for identification purposes. Do not record or photocopy even if offered by the customer.

Note: Quebec laws prevent us from asking for this information; however, we can photocopy or record the information if the customer volunteers it to us.

6. A certificate of Indian status issued by the Government of Canada

7. A document or card bearing the individual's photograph and signature, issued by any of the following authorities:

- a.** Insurance Corporation of British Columbia
- b.** Alberta Registries
- c.** Saskatchewan Government Insurance
- d.** Department of Services Nova Scotia and Municipal Relations
- e.** Department of Transportation and Public Works of the Province of Prince Edward Island
- f.** Service New Brunswick
- g.** Department of Government Services and Lands of the Province of Newfoundland and Labrador
- h.** Department of Transportation of the Northwest Territories
- i.** Department of Community Government and Transportation of the Territory of Nunavut.

8. A Social Insurance Number card issued by the government of Canada (Federal laws prohibit us from asking for the SIN for identification purposes. However, we can photocopy or record the information if the customer volunteers it to us.).

9. An Old Age Security card issued by the Government of Canada

10. A birth certificate issued in Canada.

