

PATHWISE CREDIT UNION LIMITED
TAX-FREE FIRST HOME SAVINGS ACCOUNT
DECLARATION OF TRUST

We, Concentra Trust, hereby declare that we accept the trust created between us and the Holder when the Application was signed, upon the following terms:

1. Definitions

The following definitions apply:

"Agent" – Pathwise Credit Union Limited.

"Contribution" - Any amount paid or Qualified Investment deposited into your FHSA by you.

"FHSA" – The Pathwise Credit Union Limited Tax-Free First Home Savings Account consisting of the Application and this Declaration of Trust.

"Holder" - As defined by the *Income Tax Act*, until your death, is you, and, after your death, your Survivor, if the Survivor is designated under the FHSA to become your successor and is a Qualifying Individual.

"Income Tax Act" - The *Income Tax Act* (Canada), and regulations thereto, both as amended from time to time.

"Issuer" - Concentra Trust, the Trustee.

"Prohibited Investment" - Shall have the meaning of the term "prohibited investment" as set out in subsection 207.01(1) of the *Income Tax Act*.

"Qualified Investment" - Shall have the meaning of the term "qualified investment" as set out in subsection 207.01(1) of the *Income Tax Act*.

"Qualifying Home" - A housing unit located in Canada, or a share of the capital stock of a cooperative housing corporation, the holder of which is entitled to possession of a housing unit located in Canada, except that, where the context so requires, a reference to a share with a right to possession of a housing unit described means the housing unit to which the share relates.

"Qualifying Individual" - At a particular time, means an individual who:

- a. is a resident of Canada;
- b. is at least 18 years of age; and
- c. did not, at any prior time in the calendar year or in the preceding four (4) calendar years, inhabit as a principal place of residence a Qualifying Home (or what would be a Qualifying Home if it were located in Canada) that was owned, whether jointly with another person or otherwise, by
 - (i) the individual, or
 - (ii) a person who is the spouse or common-law partner of the individual at the particular time.

"Spouse" - As recognized in the *Income Tax Act* for the purposes of tax-free first home savings accounts and, where applicable, incorporates the meaning of the term "common-law partner" as set out in subsection 248(1) of the *Income Tax Act*.

"Survivor" - Of an individual means another individual who is, immediately before the individual's death, a spouse or common-law partner of the individual.

"Trustee", "we", "our" and "us" - Concentra Trust.

2. Registration

We, or the Agent on our behalf, will file an election to register this arrangement as a FHSA under the *Income Tax Act*. If registered, this FHSA will be a "qualifying arrangement" as that term is defined in subsection 146.6(1) of the *Income Tax Act*. However, the arrangement will not be considered a qualifying arrangement unless the Holder:

- a. is a resident of Canada;
- b. is at least 18 years of age; and

- c. did not, at any prior time in the calendar year or in the preceding four (4) calendar years, inhabit as a principal place of residence a Qualifying Home (or what would be a Qualifying Home if it was located in Canada) that was owned, whether jointly with another person or otherwise, by the Holder or the Holder's Spouse.

A qualifying arrangement entered into will not come into effect until after March 31, 2023.

3. Contributions

We will only accept Contributions made by you and we will use, invest, apply, or hold all Contributions made to your FHSA, and any income earned on these Contributions, as outlined in this Declaration of Trust and as required by the *Income Tax Act*.

4. Income Tax Receipts

We will provide the Contributor with a receipt or receipts, suitable for income tax filing purposes, for all eligible Contributions.

5. Withdrawals

You are permitted to make withdrawals ("distribution(s)") from the FHSA at any time; however, you may be restricted due to the conditions imposed by terms of the investments held in your FHSA.

Qualifying Withdrawal

Upon receipt of your application in writing (or in such other manner as may be acceptable to the Trustee), we will pay to you the amount requested under the following conditions:

- a. you are a resident of Canada throughout the period that begins at your submission of the application for withdrawal ("**Application Date**") and ends at the earlier of the time of your death and the time at which you acquire the Qualifying Home;
- b. you do not have an owner-occupied home within the meaning of subsection 146.01(2)(a.1) of the *Income Tax Act* in the period that begins at the beginning of the fourth preceding calendar year that ended before the Application Date and that ends on the 31st day before the Application Date;
- c. you set out the location of a Qualifying Home that you have begun, or intend not later than one (1) year after its acquisition to begin, using as a principal place of residence;
- d. you entered into an agreement in writing before the Application Date for the acquisition or construction of the Qualifying Home before October 1 of the calendar year following the year in which the amount was received; and
- e. you did not acquire the Qualifying Home more than thirty (30) days before the Application Date.

Withdrawals Included in Income

You may make withdrawals from your FHSA, subject to the following conditions:

- a. we will withhold taxes from any withdrawals in such amounts as required by the *Income Tax Act* from time to time, and
- b. withdrawals must be declared by you as income for the taxation year of receipt, other than an amount that is:
 - (i) a qualifying withdrawal;
 - (ii) a designated amount as defined in subsection 207.01(1) of the *Income Tax Act*; or
 - (iii) otherwise included in computing the income of the Holder.

Excess FHSA Amount

Upon receipt of your application in writing (or in such other manner as may be acceptable to the Trustee), we will refund to you the amount determined in accordance with paragraph 146.6(2)(d) of the *Income Tax Act*.

6. Record Keeping

We will record the details of all Contributions and transfers to your FHSA, their investment, and of all payments from your FHSA. We will supply you with a statement of these details at least annually. We will complete the regulatory reporting as required by the *Income Tax Act*.

7. Investment

All Contributions, amounts properly transferred into your FHSA, and all income earned, will be deposited or invested with our Agent in eligible deposits or equity accounts, in accordance with the *Income Tax Act*, as directed by you in your application.

The Trustee will exercise the care, diligence, and skill of a reasonably prudent person to minimize the possibility that the FHSA holds a non-Qualified Investment; however, you are also responsible for ensuring that the investments held in your FHSA are at all times Qualified Investments. We may request additional documentation from you proving the investment to be purchased is a Qualified Investment. The Trustee reserves the right to refuse to hold or accept certain investments even though they may be Qualified Investments. If the FHSA holds a non-Qualified Investment, the Trustee may, at its sole discretion, withdraw such non-Qualified Investment from the FHSA *in specie*, or by way of realization of the investment in cash, and the Trustee shall not be responsible for any loss which arises therefrom.

You are solely responsible for ensuring the investments held under the FHSA do not at any time include a Prohibited Investment.

In the event the FHSA acquires an investment that is a non-Qualified Investment or if property held in the FHSA becomes a non-Qualified Investment, the Trustee will notify you and the Canada Revenue Agency of details of that investment, and you may be liable for reporting and payment of taxes under the *Income Tax Act*.

8. Transfers

At your direction, we will transfer all investments held in your FHSA, or such portion as you direct, to another FHSA, a registered retirement savings plan ("RRSP") or a registered retirement income fund ("RRIF") registered in your name, or in the name of your Spouse, or former Spouse, pursuant to a decree, order or judgment of a competent tribunal or a written separation agreement, relating to a division of property between yourself and your Spouse or former Spouse in settlement of rights arising out of your marriage/common-law partnership, on or after the breakdown of your marriage/common-law partnership. Any transfer is subject to the terms of the investments under the FHSA, and compliance with all requirements under the *Income Tax Act*. We may, at our discretion, charge a fee for each transfer out of the FHSA.

9. Successor Holder

In those provinces where the law so permits, you may elect to have your Survivor become the holder of your FHSA after your death.

If the Holder dies and the Survivor is designated as the successor holder of the FHSA, the Survivor is, immediately after the time of death, deemed to have entered into a new qualifying arrangement in respect of the FHSA unless:

- a. the Survivor is a qualifying individual and the balance of the FHSA is transferred to a RRSP or a RRIF of the Survivor, or distributed to the Survivor in accordance with subsection 146.6(14) of the *Income Tax Act*, by the end of the year following the year of death; or
- b. the Survivor is not a qualifying individual, in which case the balance of the FHSA must be transferred to a RRSP or a RRIF of the Survivor, or distributed to the Survivor in accordance with subsection 146.6(14) of the *Income Tax Act*, by the end of the year following the year of death.

10. Beneficiary Designation

You may designate a beneficiary, in those provinces where the law so permits, to receive the remaining proceeds of your FHSA in the event of your death while your FHSA continues to exist and where your Spouse did not become entitled to all future rights under the FHSA as permitted under Clause 9. Details of our requirements for making,

changing or revoking such a designation are available from the offices of the Agent. You may make, change or revoke your designation in compliance and in a manner and form acceptable to the Trustee. The Trustee will be fully discharged of any liability under the Declaration of Trust upon payment or transfer of your FHSA to your designated beneficiary, notwithstanding any determination that the designation may be found invalid as a testamentary instrument.

11. Death

Where you have not properly elected to have your Spouse become the holder of your FHSA, as provided for by Clause 9, we will, once we have received the documentation we require, pay the FHSA proceeds by a single payment, less required income tax deductions, to your designated beneficiary and notify your estate representative of any resulting tax liability. You authorize us to release information about your FHSA to your estate representative. Where you have designated a trustee as your beneficiary, upon payment to the trustee we are fully discharged from any obligation to see to the due execution of any trust imposed on such trustee. In instances where you have not designated a beneficiary or in instances where your designated beneficiary has predeceased you, the proceeds of your FHSA will be paid or transferred as a single payment, less required income tax deductions, to your estate. When we have made the payment of the FHSA proceeds to your designated beneficiary or to your estate, we will be considered as fully discharged from any further liability with respect to your FHSA.

12. Termination

Your FHSA may be terminated by you at any time and, unless terminated earlier by you, will terminate at the earliest of the following times:

- a. at the end of the year following the year in which the earliest of the following events occur for the last Holder:
 - (i) the 14th anniversary of the date you first enter into a qualifying arrangement;
 - (ii) you attain seventy (70) years of age; and
 - (iii) you first make a withdrawal from the FHSA;
- b. the end of the year following the year of the death of the last Holder;
- c. the time at which the FHSA ceases to be a qualifying arrangement; or
- d. the time at which the FHSA is not administered in accordance with the conditions in subsection 146.6(2) of the *Income Tax Act*, or
a later time specified in writing by the Minister of National Revenue.

In case of termination of the FHSA:

- a. subsection 146.6(3) of the *Income Tax Act* shall not apply to exempt the income of the trust earned after the termination of the FHSA from tax under Part I of the *Income Tax Act*;
- b. if the Holder is not deceased at the termination of the FHSA, an amount equal to the fair market value of all property of the FHSA immediately before its termination is to be included in the Holder's income for the taxation year when the FHSA is terminated; and
- c. if the last Holder is deceased at the time the FHSA was terminated, each beneficiary of the FHSA shall include in their income, for the taxation year that includes the year when the FHSA is terminated, the proportion of the fair market value of all property of this FHSA immediately before its termination that the beneficiary is entitled to.

13. Your Responsibilities

It is your responsibility to ensure that:

- a. the Contributions to the FHSA do not exceed the allowable maximum under the *Income Tax Act*;
- b. the Holder residency requirement is met at each particular time a qualifying withdrawal is made from the FHSA;
- c. all assets acquired by your FHSA are and continue to be Qualified Investments;
- d. all assets acquired by your FHSA do not at any time include Prohibited Investments;

- e. you provide your correct residential address, email address, and telephone number and advise the Agent, in writing (or such other manner as may be acceptable to the Trustee), immediately upon any change in address, email address, telephone number or residency; and
- f. your birthdate and social insurance number as recorded on your application are accurate.

14. No Advantage

No advantage, as defined under subsection 207.01(1) of the *Income Tax Act*, that is conditional in any way on the existence of the FHSA may be extended to you or any person with whom you do not deal at arm's length other than those advantages and benefits which may be permitted from time to time under the *Income Tax Act*.

15. Amendments

We may from time to time amend your FHSA by giving you notice of such change. Any amendment cannot, however, be contrary to the provisions of the *Income Tax Act*.

In the event of changes to the *Income Tax Act*, your FHSA will be considered to have been amended to conform to such changes effective the date such changes come into force.

16. Notices

Any notices given to us by you under this FHSA shall be sufficiently given if mailed, postage prepaid by you, to any of our offices and shall be deemed to have been given on the day that such notice is received by us. Any notices given by us to you shall be sufficiently given if mailed, postage prepaid by us, to you at your last address supplied by you or, subject to applicable law, sent by email or other electronic communication and shall be deemed to have been given on the day of mailing or sending.

17. Limits of our Liability

The Trustee will not provide any investment advice regarding any of the assets held or acquired by your FHSA and shall act solely on your instructions or those of your authorized agent. The Trustee shall not otherwise be liable for the making, retention or sale of any investment or reinvestment as herein provided or for any loss or diminution of the assets comprising the FHSA except due to our negligence or wrongful act. The Trustee may, without your instructions, apply any cash held in the FHSA for the payment of fees or expenses or taxes, interest, penalties or charges ("**Liabilities**") levied or imposed on the FHSA or upon us (excluding amounts imposed under the *Income Tax Act* for which the Trustee is liable other than any such amounts for which the Trustee is jointly liable with the FHSA or amounts the Trustee has paid on behalf of the FHSA and is entitled, pursuant to the *Income Tax Act*, to recover from the FHSA). Where there is insufficient cash, the Trustee may, in its sole discretion, liquidate all or a portion of the FHSA assets in order to realize sufficient cash to make the payment. Neither the Trustee nor the Agent shall be responsible for any loss occasioned by any such realization. You and your heirs, executors and administrators shall at all times indemnify us and save us harmless in respect of any Liabilities levied or imposed upon us in respect of the FHSA, to the extent permitted by applicable law.

18. FHSA Trust Borrowing Prohibited

This FHSA is a trust arrangement and the trust is prohibited from borrowing money or other property for the purpose of this FHSA.

19. FHSA not Permitted as Security for a Loan

Neither the FHSA nor the assets of the FHSA may be used as security for a loan.

20. Trustee's Financial Conditions

We or the Agent shall provide you with a copy of the fee schedule in effect from time to time. We shall be entitled to such fees and to reimbursement for all expenses reasonably incurred by us in administering the FHSA as may be provided for in any fee schedule in effect at that time. The fees payable to us are subject to change provided that you shall be given at least 30 days' notice prior to any change in such fees becoming effective. The Agent (or an affiliate) in its capacity as your investment advisory firm may also charge fees,

commissions, and expenses to the FHSA. Notwithstanding any other provision contained herein, we shall be entitled to additional fees for extraordinary services performed by us from time to time commensurate with the time and responsibility involved. We are fully authorized by you to sell investments of the FHSA in order to realize sufficient monies for the payment of the above fees and expenses and to withdraw payment from the assets of the FHSA without seeking your prior approval or instruction.

21. Other Conditions

We shall maintain this FHSA for the exclusive benefit of you and while you are the Holder under your FHSA, no one other than you or us shall have rights to the FHSA relating to the amount and timing of distributions and the investment of funds.

Your FHSA will comply with the prescribed conditions under the *Income Tax Act*.

22. Resignation of Trustee

The Trustee may resign as trustee or the Agent may remove the Trustee as trustee by providing such notice as may be required under the terms of an agreement entered into between the Trustee and the Agent. If the Trustee resigns or is removed, the Agent, on behalf of the Trustee, will deliver 30 days' notice to you. In the event of the resignation or removal of the Trustee, the Agent shall appoint a successor trustee who shall be acceptable to the Trustee. We shall deliver the property comprised of the investments within the FHSA and the records relating thereto, and shall execute such deeds and assurances and do such things as may be requisite in order to ensure the continued and uninterrupted operation of the FHSA. We will give the successor trustee all the information necessary for the continued administration of the FHSA. If the Agent neglects or refuses to appoint a successor trustee who shall be acceptable to us, we reserve the right to appoint a successor trustee on your behalf, or transfer assets *in specie* to you as a withdrawal from your FHSA.

23. Application for Advice and Direction

If there is a disagreement or dispute over the entitlement to the FHSA proceeds on your death, upon your relationship breakdown with your Spouse or former Spouse, or on the enforcement of any legal demand or claim against the FHSA assets, or if we, after reasonable efforts, are unable to locate you or obtain your instructions in connection with any aspect of this FHSA, the Trustee, where the applicable law permits, reserves the right to, and may at its sole discretion, apply to the court for advice and direction or pay the FHSA proceeds into court. The Trustee is entitled to recover all of its legal fees and disbursements that it incurs in this regard from the FHSA.

24. Ultimate Responsibility

We have entered into an Agency Agreement, with the Agent, for purposes of administration of this FHSA. However, we are ultimately responsible for the administration of the FHSA in accordance with the *Income Tax Act*.