

Caisse/Credit Union Tax-Free First Home Savings Account ("FHSA")

Declaration of Trust

WHEREAS the holder (the "Holder") wishes to establish a **Caisse/Credit Union Tax-Free First Home Savings Account** (the "Account"), which will constitute an FHSA under the *Income Tax Act* (Canada) (the "Act") and, if applicable, the tax legislation of the Holder's province or territory of residence (the "Income Tax Legislation");

WHEREAS Desjardins Trust Inc. (the "Issuer"), a legally incorporated trust company with its head office in Montreal, Quebec, is authorized to offer its services to the public as a trustee;

WHEREAS the Issuer hereby agrees to act as trustee of the Account on behalf of the Holder, who will have signed an application form for the Account (the "Application");

WHEREAS for the purposes of this declaration, the term "spouse" refers to a spouse or common-law partner within the meaning assigned to those terms under the Act;

WHEREAS the terms used herein have the same meaning as in the Act unless the context suggests otherwise;

WHEREAS this arrangement will only come into effect after March 31, 2023, if the Holder signs the Application before that date;

NOW, THEREFORE, the Holder and the Issuer agree to the following:

Section 1. Registration. The Account is a qualifying arrangement that complies with the requirements of the Act, and the Issuer is ultimately responsible for administering the Account and for submitting the election to register the Account with the Canada Revenue Agency.

Section 2. Trust Fund. The Issuer will accept payments of cash and other acceptable transfers of assets made by the Holder. These amounts and assets, together with any income from them, will constitute a trust fund to be used, invested, and held by the Issuer subject to the terms of this Declaration of Trust (the "Declaration").

Section 3. Account. The Issuer will maintain an account for the Holder which will record the particulars of all contributions, investments and transactions in the Account, including all costs and expenses billed to the Account, and will provide a statement of account to the Holder, at least annually.

Section 4. Date of Birth and Social Insurance Number. The Holder signing the Application is at least 18 years old. They must declare their age and social insurance number and this declaration will be considered a commitment by the Holder to provide any additional documentation that may be required at a later date.

Section 5. Contributions. Only the Holder may make contributions to the Account. The Issuer will send the Holder an official receipt which the Holder can use to substantiate deductions when calculating their income. The Holder is responsible for ensuring that the amount of their contributions does not exceed the maximum permitted under the Act.

From the proceeds of disposal of the Account's assets, the Issuer will repay the Holder any amount needed to reduce the tax otherwise payable under section 207.021 of the Act. The Holder alone will assume full responsibility for any tax effects arising under section 207.021 of the Act or from liquidation of the Account's total assets, including any penalty charged in the event of redemption prior to maturity.

Section 6. Transfers to the Account. The Issuer will accept transfers of cash and acceptable assets originating from:

- (a) Another FHSA owned by the Holder
- (b) A registered retirement savings plan ("RRSP") under which the annuitant is the Holder

- (c) An FHSA for which the spouse or former spouse of the Holder is the Holder pursuant to a decree, order or judgment of a competent tribunal or a written separation agreement, relating to the division of property between the Holder and their spouse or former spouse in settlement of rights arising out of their marriage or common-law partnership after the breakdown of their marriage or common-law partnership
- (d) An FHSA of a deceased holder who was the Holder's spouse immediately before death, if the conditions set out in subsection 146.6(13) or 146.6(15) are met

In the case of a transfer from an RRSP under which the annuitant is the Holder, the Holder is responsible for ensuring that the amount of their contributions does not exceed the maximum permitted under the Act.

Transfers from an RRSP under which the annuitant is the Holder are prohibited if the Holder's spouse has contributed to it, and the attribution rule set out in subsection 146(8.3) of the Act would apply if the amount was paid directly to the Holder.

Section 7. Transfers from the Account. In response to any request made by the Holder (or, for paragraph e), their legal representative after their death), the Issuer must transfer all or part of the assets held in the Account or an amount equivalent to their value to:

- (a) Another FHSA of the Holder
- (b) An RRSP under which the annuitant is the Holder
- (c) A registered retirement income fund ("RRIF") under which the annuitant is the Holder
- (d) An FHSA, RRSP or RRIF on behalf of an individual who is a spouse or a former spouse of the Holder and who is entitled to the amount under a decree, order or judgment of a competent tribunal, or under a written agreement, that relates to a division of property between the Holder and the individual in settlement of rights that arise out of, or on a breakdown of, their marriage or common-law partnership; or
- (e) An FHSA, RRSP or RRIF of an individual who was the Holder's spouse immediately before the Holder's death, if the conditions set out in subsection 146.6(13) or 146.6(15) of the Act are met.

Upon presentation of the prescribed form by the Holder, the Issuer will transfer to an RRSP under which the annuitant is the Holder, from the proceeds of disposal of the Account's assets, any amount needed to reduce the tax otherwise payable under section 207.021 of the Act. The Holder alone will assume full responsibility for any tax effects resulting from the provisions of section 207.021 of the Act or from liquidation of the Account's total assets, including any penalty charged in the event of redemption prior to maturity.

Such transfers will take effect in accordance with the Income Tax Legislation and any other applicable legislation and within a reasonable time after any required forms have been completed.

Section 8. Withdrawals. Subject to such reasonable requirements that the Issuer may impose and the investment terms, the Holder may request that the Issuer transfer to them all or part of the assets held in the Account. The withdrawal will be subject to withholding taxes, unless:

- (a) **Qualifying withdrawal:** The Holder meets all the conditions set out in the Act regarding eligible withdrawals and submits their written request to the Issuer using the prescribed form; or
- (b) **Withdrawal of excess contributions:** The Holder requests the withdrawal of a designated amount by submitting the prescribed form to the Issuer.

Section 9. Conditions and Restrictions:

- (a) The Account is maintained for the exclusive benefit of the Holder (determined without regard to any right of a person to receive a payment out of or under the Account only on or after the death of the Holder).
- (b) While there is a holder, only the Holder and the Issuer have rights under the arrangement relating to the amount and timing of distributions and the investing of funds.
- (c) The trust cannot borrow money or other property for the purposes of the Account.
- (d) The arrangement complies with prescribed conditions.

Section 10. Investments. The Issuer will use the care, diligence and skill that a reasonably prudent person would exercise to minimize the possibility of the Account holding non-qualified investments.

Section 11. Maximum participation period. The Account ceases to be an FHSA after the end of the Holder's maximum participation period under the Act. The Holder's maximum participation period begins when the Holder first enters into an FHSA (with a caisse, credit union or any other financial institution) and ends at the end of the year following the year in which the earliest of the following events occur:

- (a) The 14th anniversary of the date the Holder first enters into an FHSA
- (b) The Holder attains 70 years of age
- (c) The Holder first makes a qualifying withdrawal from an FHSA

The Holder must provide their withdrawal or transfer instructions to the Issuer at least 90 days (or a shorter period if permitted by the Issuer) prior to the end of their maximum participation period.

If assets remain in the Account at the end of the maximum participation period, the Holder must include in their income calculation for the tax year in which the period ends an amount equal to the fair market value of all the assets held in the Account immediately before the end of the period. In addition, income generated in the Account after the end of the period is taxable.

Section 12. Absence of instructions from the Holder. If the Holder fails to give notice to the Issuer as set out in section 11 and the Issuer knows the end date of the Holder's maximum participation period, at its full discretion and having given reasonable notice to the Holder, prior to that date the Issuer may:

- (a) Transfer the assets to a caisse/credit union RRSP or RRIF that has been opened and registered for such purpose in the Holder's name. The Holder hereby appoints the Issuer as their attorney to execute all such documents and make any elections required to establish the RRSP or RRIF. The Holder will be deemed:
 - (i) To have elected to use their age to determine the minimum amount payable under the RRIF according to the Act;
 - (ii) Not to have elected to designate their spouse to become the successor annuitant of the RRIF upon their death; and
 - (iii) Not to have designated any beneficiary of the RRSP or RRIF.
- (b) If the assets held in the Account are insufficient to meet the minimum requirements to establish an RRSP or RRIF as established by the Issuer based on its discretionary authority, the Issuer will liquidate the assets held in the Account and, at its sole discretion, will send the Holder a cheque at the address on file or deposit the Account's balance into an account exclusively in the Holder's name at a caisse or credit union (after subtracting any deductible taxes). The Issuer assumes no liability toward the Holder for any consequences resulting from the liquidation of the Account's assets, including any applicable prepayment penalties.

Section 13. Election of a successor holder or designation of beneficiary (only in provinces and territories where permitted by law). Subject to applicable legislation, the Holder may designate a successor holder or a beneficiary to receive the proceeds of the Account upon the Holder's death. A successor holder or a beneficiary designation for the Account cannot be made, changed, or revoked by the Holder except in the manner stipulated by the Issuer. This designation must clearly indicate the Account and must be submitted to the Issuer. The Holder acknowledges that it is their sole responsibility to ensure that the designation complies with Canadian federal and provincial and territorial laws.

Section 14. Death of the Holder – With a successor holder. If the Holder dies and they designated their surviving spouse as the successor holder, the Issuer will proceed in the following manner after receiving the estate documents in a form that it deems satisfactory.

- (a) If the surviving spouse is a qualifying individual as set out in subsection 146.6(1) of the Act (i.e., an individual who is eligible to open an FHSA), the surviving spouse can:
 - (i) Keep the Account (in this case, they will be deemed to have opened a new FHSA immediately after the Holder's death)
 - (ii) Transfer the FHSA to an RRSP or a RRIF before the end of the year that follows the year of the Holder's death); or
 - (iii) Receive the Account's balance in the form of a distribution before the end of the year following the year of the Holder's death
- (b) If the surviving spouse is not a qualifying individual, the surviving spouse can:
 - (i) Transfer the FHSA to an RRSP or a RRIF before the end of the year following the year of the Holder's death); or
 - (ii) Receive the Account's balance in the form of a distribution before the end of the year following the year of the Holder's death.

Section 15. Death of the Holder – Without a successor holder. If the Holder dies and they did not designate their surviving spouse as the successor holder, the Issuer will proceed in the following manner after receiving the estate documents in a form that it deems satisfactory:

- (a) If the conditions set out in paragraph 146.6(15)(a) of the Act are met, the Issuer may transfer all or part of the Account's balance to the surviving spouse's FHSA, RRSP or RRIF.
- (b) If the Holder designated a beneficiary, the Account's balance will be distributed to that beneficiary subject to applicable laws. The Issuer will be released from any obligations following this distribution, even if the designation of any beneficiary by the Holder can be deemed an invalid testamentary disposition.
- (c) If the beneficiary designated by the Holder dies before the Holder or the Holder did not designate any beneficiary, the Issuer will distribute the Account's balance to the Holder's estate in accordance with Canadian federal and provincial and territorial laws.

Section 16. Distribution after death of the Holder. After the Holder's death, any individual (including the Holder's estate) who receives a distribution from the Account must include this amount when calculating their income for the year, unless a designation is made under subsection 146.6(15) of the Act.

Section 17. Fees and reimbursement of charges, expenses and taxes.

The Issuer is entitled to reimbursement, through the Account's assets, for all Account-related costs and expenses incurred, including any shortfalls, taxes, interest, or other penalties required to be paid out of the Account for any reason whatsoever (excluding any taxes, interest or penalties to be paid by the Issuer and that cannot be deducted from the Account's assets, in accordance with the Act).

These fees may be modified from time to time, and the Issuer undertakes to give the Holder 30 days' written notice before applying a new fee schedule.

If the Holder fails to pay the costs, fees, shortfalls, taxes, etc. mentioned in the preceding section, after giving 30 days' written notice the Issuer will have the right to sell the assets held in the Account and is hereby specifically authorized to liquidate these assets at the prices and under the conditions that it deems appropriate. The Holder will be accountable to the Issuer for all costs, fees, shortfalls, taxes, etc. exceeding the Account's assets.

Section 18. Notices to the Holder. Any notice given by the Issuer to the Holder is deemed to have been received on the second business day following its transmission, if mailed to the Holder at the address indicated in the Application or at any subsequent address of which the Holder has notified the Issuer.

Section 19. Successors. The terms of the Declaration will be binding on the Holder's heirs, executors, administrators and assigns and on the Issuer's successors and assigns.

Section 20. Successor trustee. The Issuer may resign as trustee and be released from all other obligations and responsibilities under this Declaration by sending a written notice to the Holder at least 60 days in advance, or within a shorter period deemed sufficient by the Holder. The Issuer may, under the terms herein, appoint as a successor any corporation qualified to act as a trustee in accordance with the Act. This appointment will take effect on the date specified in the appointment document in which the corporation is appointed as successor trustee and accepts this appointment. This date will be set no later than the sixtieth (60th) day after the written notice has been sent to the Holder.

On the effective date of the appointment, the Issuer will transfer the Account's assets to its successor. Furthermore, the Issuer will provide all the information and documents needed to manage and register the Account in accordance with the Act. The successor trustee will assume all of the Issuer's functions and responsibilities as of the appointment date, and the Issuer will be released from all its trust obligations and responsibilities under the terms of this Declaration.

Section 21. Limitation on the Issuer's liability. The Issuer will be accountable only for reasonable diligence in managing the Account and will not be answerable for any act performed in connection with it except for fraud or negligence.

Without diminishing the liability of the Issuer, the Issuer may delegate to other persons the performance of administrative tasks and other duties under this Declaration, and, to the extent that such tasks and duties are delegated, the Issuer will be fully discharged from performing them.

Section 22. Amendments. The Issuer may amend the Declaration to ensure that the Account complies at all times with the registration conditions of the Income Tax Legislation.

Furthermore, the Issuer may amend the Declaration as it sees fit; however, the Issuer undertakes to send a written notice to each holder thirty (30) days before applying any amendments.

Section 23. Governing law. The terms of this Declaration will be governed by the laws of the Holder's province or territory of residence and by the provisions of the Income Tax Legislation.

Caisse/Credit Union FHSA
FHSA 31680001

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