



Small Business Financial Services Agreement

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Introduction

Welcome to Scotiabank Small Business Banking

Knowing how to meet business expectations begins by working with a bank that is committed to meeting your needs. At Scotiabank, our Small Business Banking team works with you to understand your specific business needs and deliver flexible, customized financial solutions to help you achieve your goals. As your financial partner, we know how to use our extensive industry knowledge and global expertise to help you navigate the ever-changing marketplace.

Small Business Financial Services Agreement

In this booklet, we explain the types of services offered, along with the terms and conditions that govern our Business Accounts, and the following Services:

- ScotiaCard* Banking Card;
- Scotia OnLine* Internet Banking;
- Small Business Credit Products;
- Cash Management Services; and
- Scotiabank Merchant Services.

To benefit from these Services, you must open a Business Account and you must not in any circumstances utilize any personal accounts opened by you for business purposes.

While we offer a variety of accounts and Services designed to meet the needs of our Small Business Customers, not all products or Services are available in every country that we operate.

As you must be approved for all products and Services, we require that you complete the Business Accounts and Services Application (the “Business Account Application”) or otherwise provide us with the information requested in the Business Account Application we provide to you. You certify that any and all information and documents (including evidence of incorporation and continuing good status) submitted by you to us are true, correct and complete. You also agree to promptly notify us of any changes to any of this information or to any of the documents you have provided to us.

You must also apply separately for and be approved for our financing and risk management solutions, including our trade finance and foreign exchange services. Please contact your branch or a Small Business Banking Centre for more information.

Terms we use in this Agreement

Agreement means collectively, this Small Business Financial Services Agreement

(including the Cash Management Services Agreement, the ScotiaCard Agreement, the Small Business Credit Agreement, the Scotiabank Merchant Services Agreement and the Scotiabank Merchant Services Agreement Addenda), the Business Accounts Application, any Service Request & Pricing Schedule, the Personal Net Worth Statement, the Small Business Commitment Letter, all certifications and consents provided in any application for banking services and any other document or agreement which is incorporated by reference in this Agreement.

You and your mean the business customer, an individual (in the case of a sole proprietorship), all partners (in the case of a partnership), a company (in the case of a corporate entity that is incorporated), and an unincorporated association/organization or any director, officer, partner or signing officer to this Business Account. It also means any individual who has provided a guarantee for any financial or insurance product or service offered by us.

We, our, us, Scotiabank, and the Bank mean, as applicable, The Bank of Nova Scotia and its branches and subsidiaries and affiliates operating outside of Canada, including but not limited to, its branches and agencies in the United States, Antigua, Barbados, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Panama, St. Maarten, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and the U.S. Virgin Islands, and its subsidiaries, The Bank of Nova Scotia Jamaica Limited, Scotiabank Anguilla Limited, Scotiabank (Bahamas) Limited, Scotiabank (Belize) Ltd., Scotiabank (British Virgin Islands) Limited, Scotiabank & Trust (Cayman) Ltd., Scotiabank de Costa Rica, S.A., Scotiabank El Salvador, S.A., Scotiabank de Puerto Rico, Scotiabank (Turks and Caicos) Ltd., and Scotiabank Trinidad and Tobago Limited.

Scotiabank Group means collectively, The Bank of Nova Scotia and all its subsidiaries and affiliates.

Other Definitions you need to know

Any Branch Banking (“ABB”) Full Service allows you, with our permission, to access your Business Account at other Scotiabank branches in the country where your Business Account is domiciled. This privilege is only available to Business Accounts with a single signing officer and is subject to restrictions and we also reserve the right to limit or remove such Service at our discretion.

Any Branch Banking (“ABB”) Deposit Only Service allows you, with our permission, to deposit monies at other Scotiabank branches in the country where your account is domiciled. This privilege is subject to restrictions and we reserve the right to limit or remove such Service at our discretion.

Automated Banking Services are channels where you can access your designated Business Accounts and may, in your country, include:

- Automated Teller Machines (ATMs) for ABB Full Service where there is a single signatory to the Business Account and ABB Deposit Only Service for other circumstances;

- Telephone banking through our Contact Centres or Business Support Centres;
- Debit Point of Sale payment terminals (POS) for ABB Full Service Only; and
- Cash Management Services.

Bill Payment Company refers to a business, company or utility company that has an arrangement with Scotiabank to be a payee of bill payments through the Service for which you have been registered by Scotiabank for branch, telephone banking, Scotia OnLine Internet Banking or Cash Management Services access.

Business Account(s) are our business chequing and business savings accounts that we offer.

Card means an unexpired Visa card, MasterCard card, American Express card, Discover card, debit card or any other card that is valid or accepted by the Bank or the Merchant as the case may be.

Debit Point of Sale (POS) refers to the point or place at which a transaction is concluded by whatever means and includes, but is not limited to, transactions concluded in person.

Debit transactions include any type of withdrawal including cash withdrawals, cheques and instruments drawn on your Business Accounts, funds transfers (regardless of whether the transfer is to another Scotiabank account), bill payments, bank drafts, money orders, pre-authorised payments and any other methods of direct payments.

Domicile account or domicile branch refers to the country in which your Business Account is located.

Electronic Signature refers to each combination of numbers and/or letters selected by you for your exclusive use as a means of your authorisation to use certain Services that are available from us from time to time. Your Electronic Signature includes, but is not limited to, your Personal Identification Number (“PIN”) for your ScotiaCard Banking Card, for use at branches and Automated Teller Machines (ATMs), security codes, your login identification and passwords for use with telephone banking, Scotia OnLine Internet Banking and Cash Management Services.

Inactive Business Account means an inactive or dormant Business Account as a result of you not completing a transaction or requesting a statement of account on your Business Account within the period stipulated by your domicile branch. Inactive Business Accounts cannot be accessed through Automated Banking Services or through any other Scotiabank branch.

If your Business Account becomes inactive or dormant, we require that you visit your domicile branch and present acceptable proof of your identity and address to reactivate your Business Account. If your Business Account remains inactive, we will follow the laws of the country in which your Business Account is domiciled concerning inactive accounts, which may include transferring your money to government

authorities after a specified period of time and following certain legal procedures.

If you register for telephone banking, you will not be able to access the telephone banking service if you fail to activate the service for a period exceeding six (6) months.

ScotiaCard Banking Card (“ScotiaCard Card”) means the banking card issued to you by us upon your request that gives you access to Automated Banking Services and other services set out in this Agreement. For sole proprietorships the ScotiaCard Card provides you full functionality at our Automated Banking Services. For incorporated entities, partnerships and unincorporated associations/organizations, this card provides you only deposit functionality.

Self-service transactions are transactions processed through a Scotiabank ATM, telephone banking services, Scotia OnLine Internet Banking, Debit Point of Sale or Cash Management Services without the help of a teller or a bank officer.

Service means any business banking or financial product or service offered by us and may include insurance and brokerage products or services that are offered by our subsidiaries.

Service Request & Pricing Schedules are the application forms that are used when you subscribe to either the Cash Management Services or the Scotiabank Merchant Services and that form part of this Agreement as applicable.

Taxes mean any present or future levy, impost, duty, stamp duty, charge, assessment or fee by any government authority, monetary agency or central bank or other taxing authority in respect to any payment due under this Agreement. These include interest, penalties and any additions to them.

Teller-assisted transactions are transactions that are processed directly with a teller or a bank officer at a Scotiabank branch.

Scope of this Agreement

By signing the Business Account Application, you acknowledge having received this Small Business Financial Services Agreement and you agree to all of the terms and conditions governing your Business Account(s). If you opened a Business Account over the telephone or the Internet, your use of the Business Account will indicate your agreement with the terms and conditions governing the Business Account.

This Agreement contains terms and conditions that apply to all Business Accounts and Services. It also contains specific terms and conditions for your use of:

- Automated Banking Services;
- ScotiaCard Banking Card;
- Scotia OnLine Internet Banking;
- Small Business Credit Services;
- Cash Management Services; and
- Scotiabank Merchant Services

Operation of this Agreement

This Agreement and the instructions given by you under it, replaces all previous agreements we have entered into with you and this Agreement shall remain in full force and effect and can be relied upon by us until we receive your written notice of new instructions.

The terms and conditions in this Agreement are binding on you and any person who succeeds you (including trustees, receivers, heirs, executors, administrators and other legal representatives) or takes on your obligations. You may not assign any Business Account, any Service, or this Agreement without getting our written permission first. You will notify us immediately if you transfer or sell any substantial part (at least 25% of the assets or share capital) of your business.

This Agreement and all transactions contemplated under it and any claim, dispute or controversy relating to this Agreement and all Business Accounts, products and Services shall be governed, construed and interpreted in accordance with the laws of the country where your Business Account or Service is domiciled, and you agree to submit only to the jurisdiction of the courts of that country.

We can add, modify, amend or change the terms and conditions of this Agreement or any Service at any time and from time to time. Notice of additional or amended terms and conditions may be given to you by electronic communication or by posting a notice in our branches or on your monthly statements, ATM screens or posted on our public website and any of these methods will be adequate delivery of notice. You agree that any such notice of changes in the terms and conditions of the Agreement will be binding upon you and forms part of this Agreement without requiring your signature. You will be deemed to receive notice five (5) business days after mailing or at the time of a personal delivery, the sending of an electronic communication or the posting of a notice in our branches (or ATM screens or posted on our public website). If we both post a notice in our branches and send you a notice, the effective time of notice will be the date of posting in our branches. If any part of this Agreement is not enforceable, the remaining provisions remain valid and enforceable.

We may close your Business Account or terminate any Service under this Agreement without notice to you if you do not operate your Business Account or Service in a satisfactory manner, for example, if you maintain an unauthorised overdrawn balance, issue frequent non-sufficient funds (NSF) cheques, breach any terms and conditions of this Agreement, have long outstanding unpaid service charges or if you use the Business Account or Service for any illegal or improper purposes. We may close your Business Account or terminate any Service under this Agreement without reason by giving you thirty (30) days' written notice.

If you are a non-resident of the country where your Business Account is domiciled, you are advised that offshore banking transactions may have tax consequences in the country where your account is domiciled and/or in your home country. Accordingly, if you are a non-resident, you should consult with and obtain prior written advice for

such transactions from qualified tax and/or legal advisors. We may request a copy of such advice when opening any Business Account or Service or anytime thereafter.

We will withhold taxes on payments to you only where required to do so by law, otherwise you are responsible for any taxation that may be incurred on your Business Accounts or Services. If we are required to make any deductions or withholding of any Taxes for payments to us, then the amount of the payment to us will be increased by the amount necessary to pay such Taxes. You agree to indemnify us for all losses, costs, interest payments caused by your failure to pay such Taxes and any additional costs due to failure to file necessary returns or information with government authorities.

Special terms for Partnerships or Joint Ventures

If you are a partnership or joint venture, each individual or entity which is a member of the partnership or joint venture (but not the limited partners of a limited partnership) is jointly and severally responsible for:

- all obligations to provide any money needed to fund the Business Account(s);
- all present and future transactions entered into by you or which may be entered into with us in your name, and every promissory note, bill of exchange, draft, cheque, instrument, receipt, security agreement, mortgage, lien, encumbrance, or charge issued by you;
- except for a lawful claim made before repayment, the whole or any part of the credit balance in your Business Account may be withdrawn by any one of you, or applied by us to the debts of any one or more of you to us;
- the instructions given by any of you remain in force and effect and can be relied upon by us until we receive written notice of cancellation by any one or more of you; and
- this Agreement and any order or receipt signed or authorised by any one or more of you under this Agreement is binding on each of you and your legal or personal representatives.

Personal Guarantee

In this section “you” and “your” mean the owner, partner or guarantor and the business customer. If you are an incorporated entity, you agree to guarantee, and each of you are individually and personally responsible for, repayment of the business customer’s debts and obligations to Scotiabank arising under the Business Account Application, the Small Business Credit Agreement, the Small Business Commitment Letter, Cash Management Services Agreement and Scotiabank Merchant Services Service Request & Pricing Schedules (if approved). This provision does not apply where your guarantee is documented in the Small Business Commitment Letter or by way of a separate guarantee. The guarantor also agrees to be bound by the terms and conditions in this book and in this Agreement, in particular the section of the Small Business Credit Agreement which outlines the guarantor’s debts and obligations.

General Terms and Conditions

Applicable To All Business Accounts and Services

1. How We Will Protect Your Privacy

Your privacy is important to Scotiabank. This section of this Agreement sets out the information practices for the Scotiabank Group, including what type of information is collected, how the information is used, and with whom the information is shared.

Scotiabank is a global organization, with legal entities, business processes, management structures and technical systems that cross borders. Our privacy practices are designed to provide protection for your personal, business and financial information within the Scotiabank Group, all over the world.

When you apply for, or provide a guarantee in respect of, or use any Service or Business Account(s) and while you are our customer, you agree that we may collect certain information from you and about you such as:

- the legal name and trading name, date of incorporation, address, and type of business, and any other information, which is required by law in many of the jurisdictions that Scotiabank does business;
- the full name, address, date and place of birth and occupation of the person who is the sole proprietor, the signing officers, directors, officers and beneficial owners of a corporation, partners of a partnerships, intermediaries, trustees, executors, club members and other third parties and any other information which is required by law;
- at least one piece of government-issued identification with a picture, such as a valid passport, national identification card, voter's card or driver's license for all of the signing officers and beneficial owners of the Business Accounts, as well as other documents or means of confirming your identity that are acceptable to us;
- your annual income, assets and liabilities and credit history;
- information about your transactions, including payment history, account activity, how you intend to use the Business Account(s) or Services, and the source of any incoming funds or assets;
- information we may need in order to provide you with a Business Account or Service. In some instances, we may advise you that providing this information is optional.

We may collect from, use and disclose this information to, any person or organization for the following purposes:

- to confirm your identity;
- to understand your needs;
- to determine the suitability of our Services for you;
- to determine your eligibility for our Services;
- to set up, manage and offer Services that meet your needs;
- to provide you with ongoing Services;
- to meet our legal and regulatory requirements;
- to manage and assess our risks;
- to investigate and adjudicate insurance claims; and
- to prevent or detect fraud or criminal activity or to manage and settle any actual or potential loss in connection with fraud or criminal activity.

We will use health information strictly for the provision of an insurance Service.

We may share your personal, business and financial information within the Scotiabank Group for the purposes set out above, and you agree that we may transfer it to countries in the world where we do business. This means that your information may be accessible to regulatory authorities in these countries in accordance with the laws of these jurisdictions.

We do not provide directly all the Services related to your relationship with us. We may use third party service providers to process or handle information on our behalf and to assist us with various services such as printing, mail distribution, data processing, marketing, providing customer support or performing statistical analysis of our Services, and you acknowledge that we may release information about you to them.

Our service providers are located all over the world. As a result, your information may be accessible to regulatory authorities in accordance with the law of the jurisdictions where our service providers operate. We will require our service providers to protect the information they receive from us in a manner that is consistent with Scotiabank Group information practices.

We may collect, use and disclose your tax or other government-issued identification information for income tax reporting purposes, as required by law in many of the jurisdictions that Scotiabank does business. In addition, we may ask you for your tax or other government-issued identification information, where permitted by law, to verify and report credit information to credit bureaus and credit reporting agencies as well as to confirm your identity. This allows us to keep your personal information

separate from that of other clients, particularly those with similar names, and helps maintain the integrity and accuracy of your information.

You agree to give us complete and truthful information. If any personal, business or financial information changes or becomes inaccurate or out of date, you are required to advise us immediately so we can update our records.

You agree that the Service is being used solely for your benefit and for the benefit of those persons that are also signatories to it, as appropriate. If this is not so, you are required to advise us and provide us with the particulars of any third party that may benefit from the Service and their relationship with you.

We may verify relevant information you give us with the owners of the business, your references or other reliable independent sources, and you authorise any person whom we contact in this regard to provide such information to us. We may refuse to enter into or continue relationships or conduct transactions with you for certain legal reasons, or if you insist on anonymity or provide false, inconsistent or conflicting information where the inconsistency or conflict cannot be resolved after reasonable inquiry.

We may monitor your Business Account(s) and Services to meet our legal and regulatory obligations, including using automated surveillance systems to prevent or detect fraud or criminal activity such as money laundering or terrorist financing. You agree that we may share your information within the Scotiabank Group for these purposes, including monitoring account activity, investigating unusual or suspicious activity and, if necessary, reporting such activity to law enforcement agencies.

You agree that we may monitor or record any telephone call we have with you. The content of the call may also be retained. This is to establish a record of the information you provide, to ensure that your instructions are followed properly and to ensure customer service levels are maintained.

When you apply for, accept, or guarantee a loan or credit facility or otherwise become indebted to us, and from time to time during the course of the loan or credit facility, we may use, give to, obtain, verify, share and exchange credit and other information about you with others including electronic payment service providers, credit or charge card associations, loyalty program partners, credit bureaus, credit reporting agencies, mortgage insurers, creditor insurers, registries, other companies in the Scotiabank Group and other persons with whom you may have financial dealings, as well as any other person as may be permitted or required by law. We may do this throughout the relationship we have with you, and we can continue to disclose your business information to credit bureaus and credit reporting agencies even after the loan or credit facility has been retired. You also authorise any person whom we contact in this regard to provide such information to us.

When you apply for, or sign an application in respect of or accept an insurance Service

from us, we may use, give to, obtain, verify, share and exchange information about you with others including references you have provided, from hospitals and health practitioners, from government health insurance plans, from other insurers, from medical information and insurance service bureaus, from law enforcement representatives, from private investigators, and from other groups or companies where collection is necessary to underwrite or otherwise administer the Service requested, including the assessment of claims. You also authorise any person whom we contact in this regard to provide such information to us.

We may give information about you to other members of the Scotiabank Group so that these companies may tell you directly about their products and services (where the law allows this). The Scotiabank Group includes companies engaged in providing services to the public such as deposits, loans and other personal financial services; credit, charge, debit and payment card services; full-service and discount brokerage services; mortgage loans; trust and custodial services; insurance services; investment management and financial planning services; and mutual funds investment services. This consent will apply to any companies that become part of the Scotiabank Group in the future. You also agree that we may provide you with information from third parties we select.

If we sell a company in the Scotiabank Group or a portion of the business of a Scotiabank Group member, we may release the information we hold about you to the prospective purchaser. We will require any prospective purchaser to protect the information provided and to use it in a manner that is consistent with Scotiabank Group information practices.

We may keep and use information about you in our records in any form for as long as it is needed for the purposes described in this Agreement, even if you cease to be a customer. You agree that a copy of our permanent business record(s) (in any form, including microfilm, photocopy, CD-ROM or image) of any communication may be substituted for an original document. You agree that such records, or any recorded verbal communication, may be used as conclusive evidence of the content of that communication in any legal or other proceedings.

2. How We Can Contact Each Other

We will use the address or any other contact details given in your Business Account Application to contact you. You agree to tell us of any changes or additions to these details. We may contact you by mail, telephone or email. All statements and notices we have agreed to give you will be sent to the address we have on file, and will be deemed to have been received by you five (5) business days after it has been mailed or at the time of personal delivery if we send an electronic communication. Correspondence from the Bank is forwarded in envelopes marked with our return address.

You may contact us using the address and other contact details we give you when you open your Business Account or Service. We will give you written notice if any of these

change. If you contact us by telephone, we will take reasonable steps to verify your identity before providing any Business Account information.

You agree that we may leave a message for you to contact us on an answering machine, through a facsimile machine or with a person answering the telephone and that we may use an automatic dialing system to give you recorded telephone messages.

Regarding the Scotia OnLine Internet Banking and Cash Management Services, you agree to contact us only through the Scotia OnLine Internet Banking website or by phone and not through any unsecure websites or other methods such as email. You also agree to receive communications regarding your Business Account through the Scotia OnLine Internet Banking channel and you agree you will not attempt to circumvent receiving any messages. You are deemed to have received any electronic messages sent to you when they are delivered to you through the Scotia OnLine Internet Banking website.

3. How We Will Accept Instructions From You

Any instructions to us may be given in person at your branch or delivered to your domicile branch in writing. We will accept instructions through the mail when they have been received by your domicile branch, but we are not responsible for any delays or failure of delivery of such instructions.

We may refuse to act upon any instructions if in our opinion to do so may be illegal or in breach of any obligation we owe to a third party or cause us to fail to comply with any code, guideline or standard in force from time to time as it applies to us; or if we are in doubt as to the authenticity or authority of the person giving such instructions. You will ensure that all your instructions to us meet our requirements with regard to form, signature(s), verification and authorisation.

If you also wish to give instructions by telephone, facsimile or email you agree to the following:

- that such instructions will be accepted only for the Business Accounts or Services by the authorised signing officers for such Business Accounts or Services;
- that the Bank and any of its subsidiaries or their respective agents, employees, officers or directors will not be liable to you or the business for acting on your instructions or on instructions which appear to be from you, if those actions are in good faith;
- that you indemnify and save harmless the Bank and any of its subsidiaries and their respective agents, employees, officers or directors from and against any and all liabilities, obligations, losses, damages, penalties, actions, claims, judgments, suits, costs, expenses, disbursements of any kind or nature whatsoever which may be imposed upon, incurred by, or served against them, by reason of their actions taken in accordance with the instructions; and

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- that service fees will apply for actions taken by the Bank in response to your instructions. These fees may be deducted from any Business Account you have with the Bank, unless otherwise specified by you in your instructions.

You agree to maintain security systems, procedures and controls to prevent and detect:

- theft of funds;
- forged, fraudulent and unauthorised instructions and electronic transfer of funds; and
- losses due to fraud or unauthorised access to a Service.

It is your responsibility to ensure:

- all cheques and instruments are numbered sequentially;
- all cheques and instruments are secured in the same manner as large sums of cash;
- all cheques or other instruments, bank cards, access terminals, cheque imprinters, stamps, seals and facsimile signature devices are kept in a secured locked safe, vault or other receptacle;
- periodic reviews are carried out to ensure cheques and other instruments are secure;
- periodic audits of cheques, instruments, bank cards, access terminals, Cheque imprinters, stamps, seals and facsimile signature devices are performed;
- that the individual responsible for doing bank statement reconciliations is not the same individual who is responsible for the security of cheques or instruments or their preparation;
- all employees and agents having any role in preparing cheques or instruments and the business' bank statement reconciliation or other banking functions are supervised and monitored; and
- that procedures are in place to protect and regularly change passwords and update security measures that protect access to remote banking, online banking and telephone banking.

We and any of our officers, directors, employees and agents will not be liable to you or to any third party for any claims or losses you may suffer that result from any fraud caused by any of your employees or agents even if any of the above controls are not breached, even if you send us a notice within the thirty (30) day period advising us of such loss.

You are responsible for settling payment of your instructions. Unless you have made specific arrangements with us, you will ensure that your Business Account(s) have sufficient cleared funds to settle any instructions at the time that you give us an instruction. We are not required to settle an instruction, if sufficient cleared funds are

not available in your Business Account. The reported balances for your Business Account may include amounts which are not cleared funds. Cleared funds means cash or any funds from any deposit which have been finally settled through the clearing system.

We may process your payment instructions and any charges to your Business Account in any order convenient to us. Where more than one instruction is presented for payment on your Business Account, the order of processing may affect whether an instruction is honoured if there are insufficient cleared funds in the Business Account.

You acknowledge that we must clear instructions using a clearing system and are bound by the rules of any clearing system we use, including rules for endorsement of instructions, identity of payee and the time for final settlement. These rules affect our ability to honour your request to cancel instructions and the procedures we must follow to settle your instructions and clear funds for you. You acknowledge and agree that these rules shall in no way whatsoever operate or be construed to impair or limit any rights or remedies we have against you.

We reserve the right to clear and transfer instructions by whatever method we choose, whether they are drawn on your Business Account or negotiated by you.

You grant us sufficient time to settle all instructions. You acknowledge that we may, at our discretion, delay crediting your Business Account until we receive the cleared funds for the instruction.

If we cannot charge a payment, fee or expense to your Business Account, or if we ask you to, you must immediately pay us any amounts you are required to pay under this Agreement, plus interest at our published overdraft rate. Interest will be calculated on a daily basis and will be payable monthly or as we may otherwise require.

If an instruction on your Business Account requires settlement in a currency other than the currency of the Account, we may sell to you or purchase from you (as the case may be) the amount of the other currency required to settle your instruction. The sale or purchase will be at our customer rate of exchange in effect at the time of settling the transaction. Any costs for this exchange will be added to the sale amount payable by you or deducted from the purchase amount otherwise payable to you. We will charge the resulting total sale amount or credit the resulting net purchase amount to your Business Account.

4. Our Payment Obligations To You

The money we owe you because of your deposits to your Business Accounts with us is payable only at the domicile branch where you maintain the Business Account. You are not entitled to ask for payment at any other branch or subsidiary of Scotiabank.

While we may permit you to deposit and perform other banking transactions at other Scotiabank branches, through designated Scotiabank ATMs, Automated Banking

Services, or other automated payment systems, this privilege is subject to restrictions and we reserve the right to limit or remove such functionality of services in our sole discretion.

The Bank will not take any responsibility or be liable for any reduction in any Business Account due to taxes or depreciation in the value of the funds credited to the Business Account due to restrictions on transfer, payments or convertibility or due to requisitions, involuntary transfers, distress of any character, exercise of military or usurped power or any other cause beyond the control of the Bank. You will not have any claim, action or other recourse to the Bank or any of its branches, affiliates or subsidiaries other than the branch where the Business Account is domiciled.

5. Your Payment Obligations To Us

In return for our opening and keeping the Business Account(s), you agree to pay (and we can deduct from this Business Account) any monthly fee and additional service charges for the Business Account and Services.

You also agree that we can deduct from the Business Account:

- any debt or liability of any of you to us or to any of our subsidiaries together with any expenses incurred by us in connection therewith;
- the amount credited to your Business Account or paid to you pursuant to any instruction, regardless of whether or not we have received settlement in respect of such instruction, if in our sole and absolute discretion such instruction is in any way whatsoever related to a fraudulent item, an item with an endorsement error or an item for which we may incur a loss if the payment or credit thereof is not reversed, together with all related costs associated with such a charge to your Business Account.

If any of the foregoing deductions create or increase an overdraft, you are still responsible for each charge, debit or liability until you pay us the amount owed in full. You promise to pay us immediately on request, the amount of any overdraft along with your overdraft charges then currently due.

We can provide you with details of the monthly fees and service charges when you request them. We may vary at our discretion all charges payable by you. Changes to our fees and charges will be advised to you in advance, through notices in our branches, and may also be given through notices in your monthly statements, ATM screens or on our public Internet sites.

6. Your Cheques May Be Returned

You agree to complete your cheques so that they are not easy to alter and you must not put a date on your cheques which is after the date of signature. If you do, we will not be liable for any loss you incur as a result of us paying a cheque before the date you have put on it.

If we return cheques or regular payment orders or refuse to accept any other instructions we will tell you the reason for doing so. Charges for returned items or items we are obliged to pay, such as guaranteed or certified cheques, are available on request.

We may refuse to make any payment if you do not have cleared funds (or an agreed overdraft) available on the working day before the item(s) is presented for payment. In deciding whether you have funds available we may take into account any earlier instructions to make payments, any authorisations we have given for ScotiaCard Banking Card transactions, regular payments from your Business Account, and any cheques we are treating as cleared. We will tell you if you can make payments from your Business Account against cheques which are not cleared. We may, at our discretion, not take into consideration regular credits paid into your Business Account or any credits received after the decision to refuse payment has been taken.

Check 21 Act

U.S. federal law entitled the “Check 21 Act” allows U.S. banks to remove an original paper cheque from the cheque payment system, capture its image electronically and destroy the original item. As a result, if you negotiate a U.S. dollar cheque that is processed through the U.S. cheque payment system and it is subsequently returned, you might receive a paper reproduction of the electronic image, a “Substitute Check”, instead of the original paper cheque. Under U.S. law, a Substitute Check is the legal equivalent of the original cheque, provided that it meets the conditions prescribed under the Check 21 Act.

Cheques you deposit may be returned

The reasons a cheque you deposit may be returned by another financial institution may include, but are not limited to the following reasons:

- NSF or refer to drawer: means there is not enough money in the account on which the cheque is drawn.
- payment stopped: The owner of the account has requested the cheque not be paid.
- postdated: The date on the cheque is in the future from the date it was negotiated.
- stale dated: The date on the cheque is 6 months or longer from the date it was negotiated.
- account closed: The account on which the cheque is drawn is closed.
- funds not cleared: A “hold” has been placed on funds in the account on which the cheque is drawn.
- materially altered cheque: The cheque has been altered without authorisation.
- counterfeit cheque: The owner of the account denies issuing the cheque.
- irregular signature: The signature on the face of the cheque does not match the usual signature of the person that it purports to be.

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- **forged signature:** The signature on the face of the cheque is not the signature of the person that it purports to be.
 - **forged endorsement:** The signature of the endorser of the cheque is not the signature of the person that it purports to be.
 - **words and figures differ:** The written and numerical amounts on the cheque do not match.

If you deposit a cheque that was drawn in a foreign currency and the cheque is returned to us, you will be responsible to repay to us the local currency equivalent of that cheque at the time that it is returned to us.

You may stop payment of a cheque you have issued only if it has not been presented for payment (unless it has been certified or guaranteed in which case you may not stop payment). Once we have received an instruction to pay, you do not have the right to reverse, change, stop or cancel it unless we give our consent. We will not give such consent if we have already acted on the instruction.

When you cancel an instruction (which includes a stop payment), you must follow the procedures set out in any Service materials and any form which we give you. You must also communicate the cancellation to us in writing or by fax or through Scotia OnLine Internet Banking (if permitted) before final settlement. You acknowledge we must follow any applicable rules of the clearing system or electronic funds transfer systems and this may affect our ability to cancel an instruction.

If you cancel an instruction, we will not be obliged to hold the funds or return the funds to you unless:

- we are able to have the instruction stopped and the cleared funds are returned to us; and
- the service materials specify a procedure for you to cancel instructions and you correctly followed that procedure.

If any cheque you have negotiated is returned to us unpaid we will debit your Business Account, whether or not it creates or increases an overdraft, even if we have already allowed you to make a payment or take cash against such cheque.

7. How to Request a Service

In addition to submitting a Business Accounts & Services Application to open a Business Account, to subscribe for credit facilities, Cash Management Services or Scotiabank Merchant Services, you must:

- complete and sign the Personal Net Worth Statement and any accompanying documents;

- sign a Service Request & Pricing Schedule in advance for each of the Services you wish to receive or change under this Agreement;
- for Scotiabank Merchant Services, promptly provide any information required in Section A of the Business Account Application, Service Request & Pricing Schedule, or other specialized services forms (i.e. Internet Merchant questionnaire);
- for Trade-Import/Export Products complete Section B of the Business Account Application and any accompanying product application that we provide to you; and
- change the temporary Electronic Signature that we provide to you to your own Electronic Signature.

You agree to make your own arrangements to provide the equipment and software you need to meet your desired levels of service, security and reliability. Equipment includes computer systems and telecommunication devices. All equipment and software must meet our requirements and specifications for the service we are providing. All purchase, installation and maintenance costs of the equipment and software will be at your expense.

We may, if we choose to, specify security procedures for a Service, which you must follow. You agree to keep any keys, Electronic Signature, security devices and verification procedures safe and confidential, and change them at least as often as the Service materials specify. We may establish a routine to verify the source and authenticity of instructions you give us and may verify an instruction before acting on it.

For all Service materials, including software we give you, you agree:

- we and any lessor or licensor retain all ownership rights, including any copyright and patents;
- you will not disassemble or reverse engineer the software;
- will not copy, remove, modify, transfer, adapt or translate the Service materials without our consent;
- when we stop providing a Service you will delete the applicable software from your computer hardware; and
- we may, but are not required to, confirm or obtain endorsements if we choose to do so. If a Service we provide involves accepting and processing unendorsed third party cheques, we may do so. You will reimburse us for any amount we cannot collect as a result of a problem in clearing an unendorsed third party cheque.

If electronic communication is part of a Service for a Business Account, you authorize us to accept electronic files and instructions as described in the Service Request & Pricing Schedule.

8. We May Use Agents and Transmission Services

We may use any correspondent or third party to act as your agent for funds transfers or other transactions involving your Business Account(s). This correspondent or third party while processing your funds will be considered your agent and not an agent of the Bank.

We are not liable for any act or omission of any correspondent or third party or for any loss, destruction or delay in your funds transfer that is beyond our control. We are not responsible for any increase or reduction in the value of your Business Account due to changes in foreign currency exchange rates or for the unavailability of funds due to foreign currency restrictions during that funds transfer.

You must promptly review any notice sent to you regarding a funds transfer transaction involving your Business Account, and notify us within twenty-four (24) hours of when you received or were deemed to have received notice, of any error or omission in the transaction. If you fail to promptly report such an error or omission you relieve the Bank of any liability with respect to such discrepancies or objections.

9. You Must Verify Your Accounts

We will periodically provide you with statements of your Business Account(s) either in printed form or through Scotia OnLine Internet Banking.

You must review each statement carefully to verify the entries. If you believe there are any errors or omissions, you must tell us in writing within thirty (30) days from the date we mailed the statement or made it available for pickup electronically or in person. If you do not tell us of any errors or omissions within that thirty (30) days, you have acknowledged that:

- the balance shown in your statement is correct;
- all amounts charged to your Business Account are valid;
- there are no transactions omitted from your statement (i.e., that the statement is correct and complete); and
- the use of any Service shown is correct.

We and any of our officers, directors, employees and agents will not be liable to you or to any third party for any claims or losses you may suffer that result from any fraud caused by any of your employees or agents even if you send us a notice within the thirty (30) day period advising us of such loss. After thirty (30) days, you cannot claim, for any purpose, that any cheque, instrument or entry (debit or credit) on your statement is incorrect and you will have no claim against us for reimbursement relating to a cheque, instrument or entry, even if the cheque, instrument or instruction charged to your Business Account was forged or fraudulent.

We will tell you in the Service materials or by way of a notice if the nature of any Service requires more frequent statements, exchange of information, reports or

verification than described generally for the Business Account. The account verification conditions described above will apply regardless of the reporting frequency, but the Business Account verification period will be the one described in the Service materials or notice and not the thirty (30) day verification period as above.

We will mail your statements of account to your latest address on our records or make them available for pick-up at the branch, or electronically, as may be agreed in writing from time to time. If you do not receive a statement, or pick it up as you have agreed to do, within ten (10) days after the end of the statement period, you must let us know within fifteen (15) days after the end of the statement period. If you do not let us know you did not receive the statement of Business Account within that time, then you will be deemed to have received the statement five (5) days after the mailing date, and you have a further thirty (30) days to review the statement and advise us of any error.

If you agree to receive statements of accounts through Scotia OnLine Internet Banking only, you are deemed to have received the Statement of Accounts twenty-four (24) hours after it is posted to Scotia OnLine Internet Banking.

10. Limitation of Liability and Indemnity

We and our officers, directors, employees and agents are not liable for any loss or damage you suffer in connection with your Business Accounts or the provision of any product or Service, or refusal to provide any Service, except if it was caused by our gross negligence. You acknowledge that this means that we and our officers, directors, employees and agents are not liable for the following specific matters:

- honouring, or refusing to honour or cancel, a cheque or an instruction, for any reason;
- any delay in completing or failing to provide a Service for any reason even if this means you are unable to access funds in your Business Account;
- any matter arising from your actions or your failure to perform your obligations properly under this Agreement even if you are not at fault; and
- a forged, unauthorised or fraudulent use of Services, cheque or instruction, or material alteration to a cheque or an instruction, even if you or we did or did not verify the signature, cheque or instruction or authorisation.

If we are found to be liable for failing to perform a Service properly, our liability will not be more than the direct cost to you of any loss of funds you suffered. This loss will be calculated from the time we should have made the funds available to you until the time we did make them available, or until you should reasonably have discovered their loss, whichever is earlier.

Under no circumstances will we or any of our officers, directors, employees or agents be liable for any indirect or consequential damage or damages that are a consequence of a loss including, without limitation, loss of profits.

You agree to:

- release us and our officers, directors, employees and agents from all liability;
- indemnify and hold us and our officers, directors, employees and agents blameless; and
- compensate both us and any third party providing Services or settling instructions on your behalf for any loss, damage, payment, legal expense (based on the solicitor's fees charged to us) and other costs, as may be applicable, resulting from:
- any Service performed or refused;
- any cheque or instruction honoured, processed, negotiated, settled, changed, cancelled, reversed or refused; or
- your failure to properly provide information or follow any procedures for a Business Account or Service under this Agreement.

We will let you know if a claim arises for which you have agreed to indemnify us. We will each cooperate in dealing with the claim, but any costs will be at your expense. You may defend a claim before making a payment to settle it as long as we are satisfied that this will not cause us to be exposed to further loss.

Cash Management Services Agreement

If you are approved for Cash Management Services, we shall provide you with:

- a reasonable number of copies of the Quick Reference Guide and we shall instruct a reasonable number of your personnel in the use of the applicable Services. You will comply with the procedures and instructions in the Quick Reference Guide or otherwise issued by the Bank from time to time.
- a ScotiaCard Banking Card number, user ID(s) and password(s) to enable you to obtain the Service(s) and we will instruct you on how to change the password(s).

You agree to make your own arrangements to obtain, install and maintain all at your own expense, the equipment, including systems and telecommunications devices and software required in order to operate the Services that you consider necessary to meet your desired levels of service, security and reliability and which meet the operating capabilities and specifications that we establish from time to time.

Before using a Service, you must change the password(s) we provide to you and create new password(s). You will be responsible for implementing all necessary procedures and guidelines for maintaining the confidentiality of such new passwords to ensure that only individuals authorised by you have access to the Services and to such password(s). You acknowledge that we are not responsible for the unauthorised use of any Service.

You agree and authorise the Bank to provide to any company that you have so designated in the Cash Management Services - Service Request & Pricing Schedule, with access through computer terminals to your Business Account(s) and banking information, and you authorise these companies to give instructions to the Bank, including giving orders for the transfer of funds from your Business Account(s).

You will appoint and delegate at least two Company System Administrators (the “CSAs”) and provide the relevant information in the Service Request & Pricing Schedule. If you choose to appoint only one CSA, you must acknowledge this on the Service Request & Pricing Schedule. The CSA shall delegate from time to time the person(s) authorised to conduct your banking business and to give orders for the transfer or payment of the Customer’s funds and for the accessing of information concerning your Business Account and other accounts through computer terminals (the “Authorised Users”). You assume full responsibility for maintaining the confidentiality of Electronic Signatures and ensuring that knowledge of such Electronic Signatures is limited to your Authorised Users.

You agree that for any transactions initiated either by you or by any company you have designated (“Customer Initiated Transactions”), the records of the Bank shall, in the

absence of manifest error, be conclusive and binding on you. We and any of our officers, directors, employees and agents will not be liable for any delay or failure to effect a Customer Initiated Transaction by reason of any causes beyond our reasonable control, or for any errors in transmission or disclosure of any financial or confidential information, except errors or disclosures caused by our gross negligence.

You agree to pay all applicable Service fees and charges promptly when due, as set out in the Service Request & Pricing Schedule(s). You also agree to pay all applicable taxes and duties on the Services we provide to you. We may change any of our Service fees or charges. If we do, we will give you notice at least ten (10) days before they go into effect, either through a written or electronic notice or by posting a notice in our branches or on our website. You acknowledge that a base monthly fee is payable for each Service you have requested as provided in the Service Request & Pricing Schedule(s) whether or not you make use of that Service. Any unused transactions may not be carried forward for future use.

If you are approved for Wire Payment Services, Bill Payment Services and/or the Account Transfer Service, you agree that in addition to your obligations elsewhere in this Agreement, to:

- provide the information required in the Service Request & Pricing Schedule to ensure we can perform these Wire Payment Services, Bill Payment Services and/or the Account Transfer Service for you; and
- confirm the set-up of the instructions pursuant to the Service Request & Pricing Schedule with us before using the Service.

If you are approved for electronic debit and/or credit Service known as Batch Payment Services and Batch Collection Services, you agree, in addition to your obligations elsewhere in this Agreement, to:

- provide the information required in the Service Request & Pricing Schedule to ensure the Bank can perform these Batch Payment Service and Batch Collection Services for you;
- provide us with the funds required to make any payments under these Services in a form that is satisfactory to us, on the day on which the payments are to be made available to payees or on such other day as the Bank may notify you in writing;
- use your best efforts to respond promptly to any enquiries by persons who are expecting to receive or make payments under this Service by us and to resolve any difficulties; experienced by other parties or by the payees or intended payees of such payments that you have ordered; and
- designate a person authorised by you to assist us in resolving any outstanding issues and to inform us in writing if there is a change in the designated person.

If you are approved for Cheque Reconciliation Services, you agree, in addition to your obligations elsewhere in this Agreement, to:

- provide the information required in the Service Request & Pricing Schedule to ensure we can perform the Cheque Reconciliation service for you;
- ensure your cheques are serially MICR encoded and tested to ensure they conform to our standards and requirements; and
- inform us in writing of any changes you are requesting to this Service to your domicile branch, which may be done after a reasonable time is given to update the Cheque Reconciliation Service.

If you are approved for the Cash Consolidated Plan Service you agree, in addition to your obligations elsewhere in this Agreement, to:

- provide the information required in the Service Request & Pricing Schedule to ensure we can perform this Cash Consolidated Plan Service for you;
- designate a Business Account to serve as the concentration account at a concentration branch for this Service that will be credited with deposits made at other Scotiabank branches. Reports produced by the Bank in performing the Service will be available to you at the concentration Branch or online through Scotia OnLine Internet Banking.

Scotiocard Agreement

This ScotiaCard Agreement (“Scotiocard Agreement”) sets out the terms under which you may use your ScotiaCard Banking Card. It replaces all previous ScotiaCard Agreements and applies to a new, a renewal or a replacement ScotiaCard Banking Card.

Using Your ScotiaCard Banking Card

Upon your request, we will issue a ScotiaCard Banking Card to you, in your name. If you sign the reverse of the ScotiaCard Banking Card or if you activate or use the ScotiaCard Banking Card or use your ScotiaCard Banking Card number, that means you have received and you agree to the terms and conditions described in this ScotiaCard Agreement. Once your ScotiaCard Banking Card is activated, you may access the following services (where offered) with your ScotiaCard Banking Card and the Electronic Signature specific to that service:

Automated Banking Services are channels where you can access your designated Business Accounts and may, in your country, include:

- Automated Teller Machines (ATMs) for ABB Full Service service where there is a single signatory to the Business Account, and ABB Deposit Only Service for other circumstances;
- telephone banking through our Contact Centres or Business Support Centres;
- Debit Point of Sale payment terminals (POS) for ABB Full Service Only; and
- cash management services.

You can obtain cash advances at designated ATMs from your credit card if:

- we have authorised the cash advance functionality for the designated cardholders,
- Automated Banking Services access to these accounts has been prearranged,
- your accounts are in good standing, and
- your account credit limit will not be exceeded as a result of obtaining the cash advance.

You authorise Scotiabank to accept your instructions given through any of these methods, as if you had given the instructions in writing, for any service request the Bank is prepared to honour, including bill payments, transfers between accounts, issuance of drafts to third parties and any other available Automated Banking Services offered by the Bank from time to time.

POS, Phone, Internet, Mail Order Purchases

Where available, you may use your ScotiaCard Banking Card or your ScotiaCard Banking Card number to pay for goods and services. When you pay for goods or services using your

ScotiaCard number without presenting your ScotiaCard Banking Card, you will have the same responsibilities as if you had presented your ScotiaCard Banking Card to a merchant and signed a Sales Draft or receipt or entered your Electronic Signature.

Transaction Charges And Fees

You agree to pay and we may deduct, without notice, from any of your Business Accounts (even if this creates or increases an overdraft) the following:

- i. a transaction charge or service fee, at the prevailing rate (as determined by us from time to time), for each transaction for which your ScotiaCard Banking Card number has been used to obtain a Service. A notice of the charges and fees is available in our branches upon request.
- ii. the transaction charges or service fees imposed by other financial institutions (inside or outside the country in which the ScotiaCard Banking Card is issued) for transactions conducted through their ATMs or POS Devices in which the ScotiaCard Banking Card and Electronic Signature have been used. You should contact the other financial institutions for the transaction fees they charge for using their ATMs or POS terminals.

You acknowledge that the transaction charges and service fees charged for each transaction performed are in addition to any Business Account level service charges which apply to your Business Account(s).

- iii. any stamp duty payable by the Bank or by you with respect to any transaction made using your ScotiaCard Banking Card

Transaction Limits

We may establish and change limits, dollar or otherwise, from time to time, on the various transactions which may be available through the Services, without prior notice to you. Cumulative limits (e.g. daily, weekly or per transaction) vary from country to country and notice of such limits is available in our branches upon request.

Transaction Records/Confirmation Numbers

At the completion of each Automated Banking Services transaction, you will be given a transaction record or reference number, unless otherwise requested. If your ScotiaCard Banking Card and Electronic Signature are used for a POS transaction, we may arrange for a third party, such as a merchant, to give you the transaction record.

You agree that cheques or any other form of debit voucher delivered to any Scotiabank branch offering ABB or Automated Banking Services other than your domicile branch, will not be returned to you, but will be reflected in your Business Account statement or passbook.

Posting Of Transactions

Any Automated Banking Service transaction (excluding automated bill payments) conducted before 7:00pm (in the country where your Business Account is domiciled), Monday through Friday will normally be posted to your applicable Business Account as of the date of the transaction, unless that day is a holiday. Transactions conducted on Saturdays, Sundays or holidays will normally be posted to your applicable account as of the next business day. Transactions conducted outside the country where your Business Account is domiciled may be posted to your Business Account at a later date.

Any automated bill payment request made on or before 7:00pm, Monday through Friday, will be posted to any of your designated Business Accounts on the day of the transaction. An automated bill payment made after 7:00pm, Monday through Friday or anytime on Saturday, Sunday or a holiday will be posted to your designated Business Account on the next business day.

Any automated bill payment request will be deemed to have been received by us on the date the transaction is posted to your Business Account. We are not responsible for any of the processing or posting procedures of your designated Bill Payment Companies. Transactions for Business Accounts with insufficient funds at the time of posting will be declined. The debits to your Business Account for post-dated bill payments and funds transfers are processed by 7:00pm on the date to which your payment is post-dated.

Limitation Of Liability

We and any of our officers, directors, employees and agents are not liable to you for any delay, loss, damage or inconvenience that results from providing or failing to provide any Service, except where such losses result from technical problems, Bank errors or system malfunctions for which we are solely responsible. Also, we and any of our officers, directors, employees and agents are not responsible for your acts or omissions or those of any third party. Furthermore, we shall in no way be liable for any accident, act of aggression, theft, loss or damage you may suffer while using Automated Banking Services or other Services, whether you are on Bank or other premises.

We are not responsible for any losses or delays in transmission of instructions arising out of the use of any access service provider or caused by any third-party software.

We are not responsible if you give us incorrect instructions or if your payment instructions are not given sufficiently in advance to allow for timely payment. We are not liable for any deficiencies in the accuracy, completeness, availability or timeliness of any information you provide to us or for any investment or other decision made using this information.

We are not responsible for any system disruptions including disruptions caused by any computer virus or related problems.

Neither the Bank, nor any other information provider, make any express or implied warranties concerning the Scotia OnLine Internet Banking Services or browsers including, but not limited to, any warranties of merchantability, fitness for a particular purpose or non-infringement of third party proprietary rights unless disclaiming such warranties is prohibited by law.

If your ScotiaCard Banking Card and Electronic Signature or handwritten signature is used for a Service transaction, the Bank is in no way responsible for the quality or non-receipt of the goods or services. All claims or disputes between you and the merchant, including your rights to compensation or any offsetting rights, shall be settled directly by the merchant and you. We are not liable if a merchant does not accept the ScotiaCard Banking Card at any time. If a merchant issues you a refund, we will credit your designated Business Account with the refunded amount only when we receive a properly issued credit voucher or other appropriate verification or authorisation of the refund from the merchant.

You are responsible for any errors that result from your having incorrectly provided to or selected from us, any Business Account number, dollar amount or other information required for the operation of the Automated Banking Services. You acknowledge that once you have confirmed the details of a payment, you may not revoke or stop the payment, except in the case of a post-dated Scotia OnLine Internet Banking payment, you may delete the payment no later than three (3) business days before the date the payment is due to be charged to your Business Account.

You are responsible for notifying us of any changes to or errors in billing account information. You are responsible for effecting these changes to your Business Account information via Telephone Banking or Scotia OnLine Internet Banking (where these Services are available). We may, at our discretion and without prior notice, refuse a request for authorisation of any ScotiaCard Banking Card transaction, and may notify third parties of such refusal as we think necessary. In exercising such discretion, we may take into account in calculating the funds available, any funds, which we may decide, have been credited or debited to your Business Account.

We are not obligated to act on any withdrawal instruction from you if sufficient funds, including overdraft, are not available in the Business Account you designate. At the Bank's discretion, we may create or increase an overdraft to your Business Account(s) according to this Agreement. We may place a hold on ABB or ATM deposits made to your Business Account(s) pending verification.

By using your ScotiaCard Banking Card to withdraw and/or transfer funds from your Scotiabank credit card, you understand that each withdrawal and/or transfer from your credit card is treated as a cash advance under the Small Business Credit Agreement for credit cards.

Lost, Stolen, Authorised Or Unauthorised Use Of The ScotiaCard Banking Card

You will notify us immediately, by telephone and in writing, of the loss, theft or any unauthorised use of your ScotiaCard Banking Card or Electronic Signature. Your liability will cease only when we receive notice of such loss, theft or unauthorised use.

You are responsible for the care and safety of your ScotiaCard Banking Card and your Electronic Signature. You will keep your Electronic Signature strictly confidential, secure from all persons without exception and apart from the ScotiaCard Banking Card at all times.

You must not disclose any other security codes, such as passwords, PINs, access codes and Business Account numbers that may be used or required for Automated Banking Services, the ABB Service or any other Service transactions. You are liable for all ScotiaCard Banking Card transactions incurred using your Electronic Signature.

If you require a replacement ScotiaCard Banking Card in these situations, or if your card is retained by any Scotiabank ATM, immediately visit or call your nearest Scotiabank branch.

Limitations For Authorised And Unauthorised Use Of The ScotiaCard Banking Card

You are liable for all debts, withdrawals and Business Account activity resulting from:

- use of the ScotiaCard Banking Card by you or by persons to whom you have made your ScotiaCard Banking Card and/or Electronic Signature available or who received possession of the ScotiaCard Banking Card and/or Electronic Signature with your consent;
- unauthorised use of the ScotiaCard Banking Card and/or Electronic Signature, where you have made available for use your ScotiaCard Banking Card and Electronic Signature by keeping them together or in such a manner as to make them available for use, including, without limitation, using the “Save My Card” feature on a public access computer until we have received notice of loss, theft or unauthorised use; or
- any failure to comply with the terms of this Agreement.

You will not be liable for losses in the following circumstances:

- technical problems and other system malfunctions;
- unauthorised use of your ScotiaCard Banking Card and Electronic Signature, including your PIN, password or access code after the ScotiaCard Banking Card has been reported to us as lost or stolen;
- your ScotiaCard Banking Card is cancelled or expired; or
- you have reported to us that another person knows your Electronic Signature, including your PIN, password or access code.

You will be considered as contributing to the unauthorised use of your ScotiaCard Banking Card and/or Electronic Signature and will be fully liable for all debts, withdrawals and Business Account activity where:

- the Electronic Signature you have selected is the same as or similar to an obvious number combination such as your date of birth, bank account number(s) or telephone numbers; or
- you write your Electronic Signature down or keep a poorly disguised written record of your Electronic Signature, such that it is available for use with your ScotiaCard Banking Card; or
- you otherwise reveal your Electronic Signature to anyone, resulting in the subsequent unauthorised use of your ScotiaCard Banking Card and Electronic Signature together.

Until such time as you notify us of the loss, theft, or unauthorised use of your ScotiaCard Banking Card and Electronic Signature, you will be liable for all withdrawals from or other transactions on your Business Accounts up to the maximum daily and weekly permitted withdrawal limits through ATMs which we establish from time to time. You will also be liable for all purchases and withdrawals up to the maximum daily and weekly limit for POS transactions which we establish from time to time and for all transfers and payments completed via the Scotia OnLine Internet Banking or Telephone Banking Service, if these apply. The limit for POS transactions is over and above the maximum daily and weekly ATM withdrawal limit.

Processing Foreign Currency Transactions

Cash withdrawals from your Business Account through ABB or at Scotiabank ATMs obtained in a foreign currency using your ScotiaCard Banking Card and Electronic Signature will be deducted from your designated Business Accounts in the currency of the account.

Conversion will be made using the foreign exchange rate determined by Scotiabank on the day the transaction is charged to your Business Account.

If you use your ScotiaCard Banking Card and Electronic Signature for cash withdrawals or to purchase goods or services outside the country in which the ScotiaCard Banking Card was issued, we will convert the amount of the cash withdrawal or purchase using the exchange rate determined by the applicable card association, such as VISA International or MasterCard International Incorporated, on the day the transaction is posted to your Business Account. This rate may be different than the rate in effect on the date your withdrawal or POS transaction occurred. An additional 1% VISA service fee will be added to this on the converted amount, or MasterCard fee, if applicable, and any additional Scotiabank service fee, as applicable, on the converted amount. We will

deduct the total amount from your designated Business Account in the currency of the Business Account. A notice of the Scotiabank service fee is available upon request.

If you use your ScotiaCard Banking Card for a transaction involving a foreign currency, and the merchant or retailer gives you a credit voucher, the two transactions (the debit and credit) may not balance exactly because of exchange rate, spread and currency fluctuations between the debit and credit dates.

Changing Limits And Designated Accounts

We may establish and change limits (dollar or otherwise) from time to time, on the types of transactions which may be available, or companies which may be paid in connection with any of the Services provided for in this Agreement. We may designate one or more of your Business Accounts for our FastCash* or other services available through ATMs or POS devices. Any designation may be cancelled or changed by you in writing at any time.

Cancelling Banking Services

We may at any time, without notice, withdraw any ATMs or POS terminals from use, or cancel or vary the whole or any part of the Services we offer you in connection with or through the use of the ScotiaCard Banking Card. No Automated Banking Services transactions, including, without limitation, deposits, bill payments, funds transfer, loan payments, enquiries, mini-statements and/or cash advance requests will be processed after cancellation of the Automated Banking Services.

Settling Disputes

All disputes between you and a designated Bill Payment Company, including your rights to compensation or any offsetting rights (set-off), shall be settled directly by and between you and the Bill Payment Company. We do not verify, nor are we required to verify, that any purpose for which the payment is made has been fulfilled by the Bill Payment Company as a condition of honouring your payment request on your Business Account. Any dispute you have regarding the Services provided under this Agreement will normally be resolved within fifteen (15) business days after the domicile branch of the Business Account is notified in writing of the dispute. If a dispute cannot be resolved within this time, we will provide you with information concerning our dispute resolution process and how long each step will normally take.

ScotiaCard Banking Card Customer Service

Depending on the decals reflected on the back of your ScotiaCard Banking Card and Card, the ScotiaCard Banking Card and Card may be used to access Services where one of these symbols is displayed:



Small Business Credit Agreement

The terms and conditions in this Small Business Credit Agreement, unless specifically identified as pertaining to a particular product or financial service, apply to all Scotiabank Small Business banking products and Services, which we may provide to you from time to time, including but not limited to:

- the Scotiabank MasterCard BusinessCard^{®†} Card, Scotiabank Aero* Business Executive MasterCard^{®†} Card and the Scotiabank AAdvantage^{®°} Business Executive MasterCard^{®†} Card, (referred to collectively as the “Scotiabank Business MasterCard Cards”); and
- the Overdraft Protection Facility for Business, Credit Line for Business and Term Loan for Business (referred to collectively as the “Scotiabank Business Credit Products”).

For Scotiabank Business Credit Products, this Small Business Credit Agreement consists of the following documents:

- this Agreement;
- the Personal Net Worth Statement; and
- the Small Business Commitment Letter and the Security Schedule, (where applicable).

For Scotiabank Business MasterCard Cards, the Small Business Credit Agreement consists of the following documents:

- this Agreement;
- the Scotiabank* MasterCard BusinessCard^{®†} Cardholder Agreement;
- the Scotiabank* MasterCard BusinessCard^{®†} New Account/Change Request Form.
- the Scotiabank* MasterCard BusinessCard^{®†} Additional Cards Form; and
- the Small Business Commitment Letter and the Security Schedule, (where applicable).

Terms applicable to all products in the Small Business Credit Agreement

Declarations about information you give to us

All persons signing the Personal Net Worth Statement, the Business Accounts Application and the Small Business Commitment Letter, or the Scotiabank MasterCard BusinessCard New Account/Change Request Form and the Scotiabank MasterCard BusinessCard Additional Cards Form certify that the following is true and complete:

- the owner(s) of the business is/are properly described in the Business Accounts Application, the Small Business Commitment Letter and the Personal Net Worth Statement or the Scotiabank MasterCard BusinessCard New Account/Change Request Form and the Scotiabank MasterCard BusinessCard Additional Cards Form;
- the information in the Business Accounts Application, the Personal Net Worth Statement and the Small Business Commitment Letter or the Scotiabank

MasterCard BusinessCard New Account/Change Request Form and the Scotiabank MasterCard BusinessCard Additional Cards Form is complete and correct; and

- to the best of your knowledge, your loan application complies with all the applicable requirements of any government agency guaranteeing your loan, and will continue to comply until your loan is repaid in full (if applicable).

If the loan is approved, you agree:

- to use the proceeds of the loan for the purposes you specified in the Business Accounts Application and in the Small Business Commitment Letter and not for anything else;
- to give us any information we require to satisfy ourselves that you have used the loan for the purpose(s) stated in the Business Accounts Application and in the Small Business Commitment Letter;
- to properly use, maintain and repair your property pledged as security to the Bank;
- not to put a mortgage, lien or charge on any property purchased with the loan money or pledged or given as security for the loan unless you have our prior permission in writing;
- not to dispose of any property you purchased with the loan money or pledged or have given as security for the loan unless you have our prior permission in writing;
- to give us any additional information we reasonably require about your business, such as copies of documents and business records;
- to give us, from time to time and at your expense, any security, including but not limited to a mortgage over property, and insurance we require to secure the loan and the interest on it;
- to pay the cost of any insurance we may choose to obtain or renew if you do not provide or keep up the insurance we require; and
- to pay the cost of the necessary registration or filing and gathering of evidence about the priority of our security.

If the loan is approved, you also:

- authorise us to register or file the security, or notice thereof, if necessary, and obtain evidence that satisfies us about the priority of the Bank's security;
- authorise us to sell the property as security given for the loan, or to realize on it in any way that is authorised by applicable law, if you default in any payment or other obligation under the Small Business Credit Agreement or under any other agreement with us from time to time. We will subtract our expenses from the money we get from the sale or realization. We will then apply the balance of the money to your debt. If there is not enough money to pay off your debt, you must pay the shortfall to the extent permitted by law. If there is a surplus we will return the surplus to you;

- acknowledge that the terms of a government guarantee may require us to sell or realize the security given for the loan in a short time, and we are not allowed to grant any period of time for you to correct your default, except as required by (if applicable); or
- authorise us to give all the information about your loan or in the Scotiabank Small Business Credit Agreement to any person involved in the administration of a government guaranteed loan (if applicable). We will give the information only to a person appointed by or on behalf of the government agency.

Your promise to pay

You promise to pay us the full amount of the obligations described in the Small Business Credit Agreement, which includes the Small Business Commitment Letter(s) and any promissory notes that you execute, the interest on it when due and payable and any applicable fees and charges levied by us from time to time.

You also promise to pay us any expenses that we incur to realize on security or collect payments from you and the costs of preparing and registering any security or notice with respect to any security that we may hold as collateral in support of your obligations.

Your obligations

You are required to satisfy a number of obligations to us when you borrow money from us. You agree to:

- pay all amounts you owe to other people to protect your property from other liens or claims;
- tell us right away if you cannot pay the amount you owe us;
- tell us right away if you commit any default under the terms and conditions of the Small Business Credit Agreement or under any other agreement with us;
- tell us before you change the ownership or nature of your business or the use of any property that is security for the money you owe us;
- tell us if any information in the Business Accounts Application, the Personal Net Worth Statement or the Small Business Commitment Letter changes;
- tell us right away if you move the property which is security for your indebtedness under the Small Business Credit Agreement but only tell us when you change the main base of operation for this property, if the property you move normally goes from one location to another;
- give us any information we request on your business or property ;
- give us, when we request, your current financial statements, personal financial or net worth statement and any other information we may reasonably require from time to time;
- make sure your guarantor, when we request, also provides current financial statements, personal net worth statements and any other relevant information we may reasonably require from time to time;

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- keep the property you have put up as security in first class order and repair, and replace all worn, broken or defective parts;
 - let us on your premises at any time so we can inspect your property ;
 - insure the property held by us as security with an all-risks insurance policy satisfactory to us that protects your property from all hazards, including fire, theft and collision for motor vehicles;
 - amend your all-risks insurance policy to put our interest as “loss payee”, and deliver satisfactory proof of insurance or our form of insurance certificate to us;
 - keep the property held by us as security free of any mortgages, liens, charges, or security interest, except the ones granted to us;
 - tell us right away if you are involved in a lawsuit or another creditor makes a claim against you;
 - keep proper accounting records;
 - give us all the other certificates, agreements and assignments we may request from time to time that relate to these terms and conditions or the terms and conditions of the Small Business Commitment Letter or the Security Schedule and the granting of security for your indebtedness;
 - observe and conform to all laws and requirements of any governmental authority that relate to the environment and the operation of your business activities, and notify us of any failure to do so;
 - not change your name (business or personal) without giving us prior written notice;
 - undertake and pay the expenses of any environmental investigation, assessment or clean-up which we require;
 - notify us of any unfavourable change in the environmental condition of your business premises or equipment;
 - notify us of any unfavourable change in the environmental impact of your business activities; and
 - authorise us to make, at any time, credit enquiries which may involve full information disclosure, and you hereby waive to the extent permitted by law any right to privacy or confidentiality of credit information.

Advances

If we approve a Credit Line for Business or an Overdraft Protection Facility for Business, or a Scotiabank Business MasterCard Card, you may borrow, repay and re-borrow up to the credit limit specified by us from time to time and, for ongoing credit risk management purposes, you agree to maintain with us all your Business Account(s) as long as you have a Credit Line, an Overdraft Facility or Scotiabank Business MasterCard Card with us. We can, however, cancel your Credit Line, Overdraft Facility or Scotiabank

Business MasterCard Card and/or any credit facility you have with us at any time and not permit you to borrow or re-borrow after that.

The amount of a Credit Line, Overdraft Protection Facility or Scotiabank Business MasterCard Card facility is paid down and re-advanced as you deposit or withdraw money from these accounts. The amounts available under these facilities may be re-advanced if it is paid down. We may advance you more than the limits established on these accounts based on arrangements made between us from time to time.

If we approve a Term Loan for Business, the Bank may make payments to third parties or advance the proceeds of the loan in one or more amounts as outlined by us.

Payments

You must pay back your indebtedness to us, including without limitation principal, interest, fees and charges according to the terms of the Small Business Credit Agreement.

If your credit facility is repayable on demand, you agree to immediately pay back the entire amount of the credit facilities at any time if we ask you to do so.

If you borrow by way of a Term Loan for Business, the entire amount of the indebtedness remaining unpaid is due and payable at the end of the term specified in the Small Business Commitment Letter or earlier if you default on any of the terms in the Small Business Credit Agreement, or in any other agreement with us. If you do, we can demand that you immediately pay back the entire indebtedness to us under the Small Business Credit Agreement.

If we demand repayment of the entire amount, we will give you notice in accordance with legal requirements where your Business Account is domiciled.

We can deduct payments from any of your Business Account(s) with us to apply to your indebtedness to us.

Interest on Scotiabank Business Credit Products

You must pay interest on your advances at the rate specified by us from time to time.

We calculate your interest using the daily loan balance you still owe us. Interest is due and payable as follows:

- for Credit Lines, interest is payable monthly on the date agreed by you and us.
- for an Overdraft Facility, interest is payable monthly on the date your Business Account statement is prepared and printed;
- for Term Loans with non-blended monthly payments, interest is payable on the date agreed by you and the Bank, which is generally at the end of each month; and
- for all other Term Loans with monthly blended payments, interest is payable together with principal payments on the same date each month as determined by us.

Interest is paid in arrears and, for each obligation, is due both before and after your obligation matures and before and after any default or judgment.

If you do not pay the interest when it is due, we may charge a default rate, which is higher than the rate otherwise applicable. If we charge this default rate, it is payable at the same time as specified in the Small Business Credit Agreement for the payment of interest. This default rate may increase your effective rate of interest.

Pre paying your loan

If you have a Term Loan with a fixed interest rate, you may prepay it if, at the same time, you also pay a fee equal to three months' interest on the principal amount of the prepayment. This interest is calculated at the rate specified in the Small Business Credit Agreement.

Any prepayment you make is deducted from the last of the payments you owe us. This means you must continue to make the payments specified by the terms of the Small Business Credit Agreement until you have completely repaid the loan.

If your term loan has a floating interest rate, you can prepay it at any time without a fee.

Fees and charges

You are specifically responsible for paying any late payment fees where applicable, and interest charges on all payments you do not make when they are due. You agree to pay us these late payment fees and interest charges which are published by us from time to time and are available at the branch at which your Business Account(s) is maintained.

If there are any amounts due and payable by you to us, we can deduct them from any of your Business Account(s) with us. This includes any fees and charges described in the Small Business Credit Agreement but may also include any other fees and charges that we may charge.

We may change the fees and charges published by the Bank or described in this Small Business Credit Agreement or in any of the documents that form part of the Small Business Credit Agreement at any time. However, if we do, we will post a notice of the new fees and charges in your domicile branch, before they go into effect.

Loan record

We will keep a record of the amount of principal, interest costs and fees you owe us. This record will show the amount of each advance we make to you and the amount of each payment of principal and interest costs you make to us. For a Credit Line for Business or Overdraft Protection Facilities we will give you this information monthly, either through statements mailed to you or posted on Scotia OnLine Internet Banking. For all other indebtedness such as a Term Loan for Business, we will give you this information when you ask for it.

Unless we have made a mistake, the Bank's record is conclusive evidence of the amount you owe us.

Amendments

You and we may amend the Small Business Credit Agreement at any time but each

amendment must be in writing and signed by each of you and us. Any amendment made to this Agreement or the Small Business Credit Agreement may change the business arrangements between you and us, including the legal relationship.

Financial review

We may conduct reviews of your business and financial affairs from time to time, and inspections of your property at any time. We will give you reasonable notice of the time of any review or inspection.

Additional agreements

If we need further agreements for this credit arrangement, you will provide them on our request, and we can register these agreements.

Default events

We have the right to require immediate payment at any time if the Small Business Credit Agreement specifies that a credit facility must be paid on demand.

If a credit facility is not a demand loan, we still have the right to demand immediate payment of the entire amount if any of the following events, called default events, occur:

- you fail to pay, when it is due, any payment required by the Small Business Credit Agreement;
- the guarantor fails to pay any amount owing to the Bank on any obligation to us;
- you fail to observe or perform any provision of the terms and conditions in the Small Business Credit Agreement or any other agreement with us;
- you fail to comply with the terms of the security granted to us;
- you, or a guarantor, become insolvent or commit an act of bankruptcy;
- you, or a guarantor, make an assignment or bulk sale of all or a substantial part of your or, its property;
- you sell the property which is secured under these terms and conditions, the Small Business Credit Agreement, except in the ordinary course of business, and with our prior consent;
- a creditor moves to have you or a guarantor declared bankrupt;
- you take a step or a guarantor take(s) a step to make an arrangement with creditors, wind up business or appoint a receiver;
- anyone legally takes possession of a significant portion of your or a guarantor's property, particularly the property which is security for your indebtedness, or obtains a judgment permitting him or her to do so;
- any security required to be provided in the Small Business Credit Agreement and the Security Schedule is not valid and in force;
- in our opinion, there is any material and unfavourable change in your financial condition, the financial condition of any guarantor or the operation of your business;

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- any declaration, representation or warranty you make to us or to any government agency guaranteeing your loan (if applicable) is false in any material way;
 - you or a guarantor fails to comply with all applicable provisions of the relevant statutes as it relates to your government guaranteed loan (if applicable);
 - the market value of any property that we hold or in which we have a security interest becomes less than the amount we consider satisfactory;
 - any property secured is in danger of being lost, damaged or confiscated;
 - any guarantee of the credit facilities is withdrawn, determined to be invalid or made ineffective for any reason;
 - you are in breach of any term of any other agreement you have entered into with us from time to time, even if it does not relate to the Small Business Credit Agreement;
 - you complete any reorganization, amalgamation or merger without our prior permission in writing;
 - there is a change of control in the ownership of your business;
 - in our opinion, there is any unfavourable change in the environmental condition of your business premises or equipment; or
 - in our opinion, there is any unfavourable change in the environmental impact of your business activities.

Default remedies

If a default event occurs, we are entitled to demand that you immediately pay back the full amount you owe us. We are also entitled to exercise the rights contained in these terms and conditions, or at law.

As well, we are entitled to realize on any security you granted to us under these terms and conditions and any other agreement you enter into with us from time to time. We are not required to take any action, however, and any delay or failure to do so does not release your obligations.

“Realize” includes the right to take possession, sell or lease, foreclose, seize and keep the property which is secured. We may choose how we want to realize. You are responsible for all our costs, including legal fees on a solicitor and his/her own client basis, and for interest on such expenses we have paid. We will charge this interest at the same rate as the interest rate in the Small Business Credit Agreement. We can deduct expenses from your account with us.

If a default event occurs, we also have the following remedies:

- we do not have to make any more advances to you or provide any banking services;
- we can declare you to be in default under any other agreement with us;
- we have, in addition to the rights and remedies in the Small Business Credit Agreement, all the rights and remedies provided by law and under any statute that applies, including all rights of legal and equitable set-off;

- we are entitled to take possession of the property which is secured, and we can enter any of your premises to do so. If we incur any costs to take possession of the secured property, we can charge those costs to your loan account or Business Account, and they will be added to the amount you owe us. The security you grant to us covers these costs;
- we may hold, insure, maintain, repair, process, protect, preserve, prepare for disposition and dispose of the property. If we do, we will charge the costs to your loan account or Business Account, and they will be added to the amount you owe us. The security you grant to us covers these costs;
- we may appoint a receiver or a receiver-manager if we choose to do so. The receiver or receiver-manager will have all our rights, benefits and powers provided by the terms and conditions outlined in the Small Business Credit Agreement or any law, including the right to sell or lease property;

Once the receiver or receiver-manager has been appointed, he or she has the power, but not the obligation, to operate your business, and may borrow money for that purpose. The receiver or receiver-manager will be your agent, however, and we will not be responsible for any misconduct or negligence on his or her part. If we appoint a receiver or receiver-manager, we will charge the costs to your Business Account or loan account, and they will be added to the amount you owe us. The security you grant us will cover these costs and any money borrowed by the receiver or receiver-manager.

Sale of secured property

We are entitled to seize or foreclose and take the property which is the security for your indebtedness. If we do, we will consider the indebtedness to be repaid to the extent required by law.

We can choose how to deal with the property once we can realize. We are entitled to realize at any time after you default on any of the requirements of these terms and conditions or we have demanded payment and you have failed to pay in full. We are only required to give you the notice required by law.

We can sell property in any way we choose, including private sales and auctions. We may purchase the property for ourselves in any sale process and we can accept deferred payment terms in any sale.

If we sell the property, we may apply the proceeds of the sale to the costs and expenses including without limitation, receivership costs and legal fees on a solicitor and his/her own client basis, and then to repay your obligation to us as we determine. After that, we will pay you any remaining amount as required by law.

You must pay any remaining amount if the proceeds from the sale or the value of the property seized or foreclosed is not enough to repay your entire obligation to us. We are only required to be reasonable in the sale, seizure or foreclosure process. We are not required to get the best price or wait to sell if the market is not good.

Additional terms applicable to Scotiabank Business Credit Products

Security agreement

By signing the Small Business Commitment Letter and the Business Accounts Application thereby agreeing to these terms and conditions, you agree to grant us a mortgage and charge, and hereby grant, bargain and sell to the Bank for security purposes and grant a security interest in the property that is provided for in the Small Business Commitment Letter or the Security Schedule.

Our security interest may also include all your rights, interests and benefits in that current property and property acquired in the future and may specifically secure your obligation under any agreement with us.

The security interest you grant us may be in the form of a fixed and specific mortgage. We may register your grant of security against the secured property in such registries as we choose, including personal and real property registration systems.

If the collateral covered by the security interest includes your book debts, you shall assign and transfer to us all book debts, such as accounts receivable.

Where required by the Bank or by law, we will physically hold the property as security for your obligations to us, which may include securities in uncertificated form by notice to the relevant clearing corporation. The grant of security and mortgage includes any grant, bargain and sale required to complete this grant of security and mortgage. It also includes our right to have and to hold property for the purposes of this agreement and the Small Business Credit Agreement. If we hold securities in our possession, we are not required to keep them separate from other securities held.

If the Bank holds property, we are not responsible if the property decreases in value for any reason. Should you provide the Bank with money or cash equivalents as security, we shall be entitled to seize the money or cash equivalents and immediately set-off against your indebtedness.

You shall at our request grant to us a security interest on all present property and property acquired in the future, including inventory, furniture, fixtures, office equipment, industrial equipment, machinery, plant, tools, vehicles, intangible personal property, securities, documents of title, instruments, chattel paper, money and accounts receivable. Except as otherwise agreed, this security interest:

- shall be granted when the limits for all credit lines, Scotiabank Business MasterCard Cards and overdraft facilities (“Credits”) approved under the Scotiabank Small Business Credit Agreement plus the limits for any existing Credits total more than fifty thousand dollars (\$50,000); and
- shall secure all Credits approved under this application and any existing Credits.

The mortgages and security interest you grant to us are to secure payment and performance of all your obligations to us that are described in these terms and

conditions, the Small Business Credit Agreement and any other agreement you enter into with us. These obligations include but are not limited to:

- the repayment of the principal amount of all indebtedness to us;
- the payment of interest to us, including without limitation, interest on overdue interest at the default rate; and
- the payment of all our costs, charges, expenses and fees, including without limitation, legal fees on a solicitor and client basis that relate to the Small Business Credit Agreement, this agreement or the enforcement or realization of security.

All attachments, accessories, parts, repair parts and other equipment, to the extent applicable, become part of the property secured and described in the Small Business Commitment Letter or the Security Schedule as being covered by the security interest you grant us.

The grant of security over any property described in the Small Business Commitment Letter or the Security Schedule includes all proceeds, money and property from the secured property, including insurance proceeds whether it is cash or other proceeds of any nature and kind. It also includes all your records relating to your business and the property that is secured.

The time for attachment of any security interest created has not been delayed. The security interest attaches, which means to take effect, when you sign these terms and conditions or when you sign the Small Business Commitment Letter.

You acknowledge that you have received and read a copy of these terms and conditions. You waive the right to receive a copy of any financing statement, financing change statement or verification statement we may register or receive, where permitted by applicable law.

Guarantee and obligations of the guarantor

Each guarantor agrees to be bound by the following terms of the guarantee:

- the guarantee is a continuing guarantee, is not released by any change in capacity or death of the guarantor, and is security for the indebtedness that is guaranteed to us;
- this guarantee is given for valuable consideration;
- the guarantor agrees that he or she is responsible to us to the maximum extent permitted by applicable law for all indebtedness and obligations outlined in the Small Business Credit Agreement, including all interest, fees, commissions, legal and other costs and all charges and expenses, unless these obligations are limited by the terms of the guarantee agreed to by the guarantor and the Bank;
- we are entitled to demand payment from a guarantor even if we have not tried to get payment from you, any other person, any other security or any other guarantee or guarantor; and

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- we do not need to demand or get payment from all guarantors; we can demand and get the whole amount from any guarantor or guarantors we choose (this is often called joint and several liability).

If you default on any payment owed to us, we are entitled to treat all guaranteed liabilities as due and payable. We may then immediately demand and collect the total guaranteed amount from the guarantor.

The guarantor must pay us immediately after we demand payment and the guarantor's liability to make payment arises forthwith after such demand. We will demand payment in writing and will mail or deliver our letter to the guarantor's address.

Until we are paid in full, the guarantor agrees that its interests including all amounts owing by you (the business customer) to the guarantor are fully postponed to us, waives all rights to take legal action against the business customer and to exercise rights of subrogation, which are the rights to take our position and security. We are not required to marshal property, which is the act of realizing security in a certain order.

The guarantor's liability includes the liability to pay any interest you have not paid, and interest from the date of demand. This interest is charged at the applicable rate in the Small Business Credit Agreement. The guarantor must also pay all of the costs and expenses we incur to get the money you owe us, including any costs and expenses of collecting from the guarantor including without limitation legal fees on a solicitor and his/her own client basis.

The guarantor is not released from the guarantee if, from time to time, we change the terms of your indebtedness, or if we deal with you on different terms than in the terms and conditions of the Small Business Credit Agreement. These changes include the terms of the credit arrangements and the granting of time, extensions, renewals, indulgences, releases and discharges. We do not have to notify the guarantor if we make any of these changes.

This guarantee is not discharged or affected by any change in your capacity or status, including bankruptcy or other insolvency, even if we advance more money after the bankruptcy or insolvency.

This guarantee is in addition to any security and any other guarantee we hold. The liability under the guarantee may be limited, however, only if the limitation is set out in the Small Business Credit Agreement.

Terms applicable to Overdraft Protection Facility for Business

Overdraft Protection Facility for Business is a credit arrangement for occasional short term borrowing involving a specified Business Account.

If you are approved for Overdraft Protection Facility, we will honour debit entries ("debits") originated by you (e.g. cheques, withdrawals, electronic funds transfers, etc.) drawn on your specified Business Account, even if this creates an overdraft. You agree to pay interest on the amount of the overdraft at the rate specified by us from time to time.

You will bring your account to a positive/credit balance within thirty (30) days from the day when the overdraft occurred.

We do not have to honour any debit if the action would result in your specified overdraft limit being exceeded, if your specified Business Account has been overdrawn for more than thirty (30) days, or if we have made a demand for payment. In addition, we can cancel the Overdraft Protection Facility for your specified Business Account at any time without notice, and refuse to honour any further debits that create an overdraft.

If we have not agreed to provide Overdraft Protection Facility, we do not have to honour any debits that create an overdraft. We do not have to tell you that we are not going to honour a debit in these cases.

Terms applicable to Scotiabank Business MasterCard Cards

In this section, “Card(s)” and “Scotiabank Business MasterCard Card(s)” mean, as applicable, the Scotiabank MasterCard Business Card, the Scotiabank Aero Business Executive MasterCard Card or the Scotiabank AAdvantage[®] Business Executive MasterCard Card.

Definitions applicable to Scotiabank Business MasterCard Cards:

Principal Cardholder means the person designated as the owner of the business.

Secondary Cardholder means one (1) additional owner or partner of the business. However, both terms “Principal Cardholder” and “Secondary Cardholder” exclude corporations.

Statement cycle refers to the number of days between one statement date and the next statement date.

If you sign the reverse of the Card when we issue you a Scotiabank Business MasterCard Card, or provide you with a renewal or replacement Card(s) and you keep or use the Card(s), you agree to the terms and conditions of this Small Business Credit Agreement. Your Business Accounts Application together with your Personal Net Worth Statement is incorporated into and forms part of this Small Business Credit Agreement.

If the business customer consists of more than one individual or entity, you agree that:

- every such person is responsible jointly and severally for the payment and performance of each obligation described in the Small Business Credit Agreement or derived therefrom; and
- the Bank can choose among you who will pay back the obligations.

If we approve a Scotiabank Business MasterCard Card, you agree to be bound by the terms applicable to the Scotiabank Business MasterCard Cards and the Scotiabank MasterCard BusinessCard Cardholder Agreement that is provided to you when the Scotiabank Business MasterCard Card is issued and delivered to you by us.

Both the Scotiabank Business MasterCard Cards terms and the Scotiabank MasterCard BusinessCard Cardholder Agreement are collectively referred to in this section as the (“Scotiabank Credit Card Agreement”).

Using the Scotiabank Business MasterCard Card

You can use the Scotiabank Business MasterCard Cards and the Scotiabank credit card cheques, (if available in your country. Please visit your domicile branch to determine availability), we supply to you, wherever they are accepted to buy goods or services (“Purchases”) for business purposes, and for other purposes we may authorise from time to time. Any use of the Cards is subject to any legal restrictions and/or regulations or procedures that the central bank of the country in which the Card was issued or any other governmental or other authority may impose. You may not use your Card or Scotiabank credit card cheques for any transaction that is illegal, including the purchase of good or services that are prohibited by law applicable in the jurisdiction in which the Card was issued. At your request, we will supply you with additional Cards for Purchases and/or cash advances. You acknowledge and agree that we can decline any transaction that we consider to be in breach of such legal restrictions, regulations or procedures.

Using the Scotiabank MasterCard BusinessCard New Account/Change Request Form or the Scotiabank MasterCard BusinessCard Additional Cards Form, you will designate for us certain employees (“Designated Cardholders”) to a maximum of five (5) Designated Cardholders to whom we will issue a Card embossed with the name of the business (if applicable) and the Designated Cardholder’s name. For greater certainty, Designated Cardholders include the Principal Cardholder, the Secondary Cardholder and all additional cardholders on the account. You may impose use restrictions for any Card issued to you, so long as your Card use restrictions comply with the terms of this Scotiabank Credit Card Agreement, the MasterCard regulations, and applicable laws. You are solely responsible for all activities of the Designated Cardholders, and are responsible for obtaining from the Designated Cardholders any agreements or commitments you consider necessary to govern their use of the Cards.

Designated Cardholders may obtain cash advances from financial institutions that accept the Card. By using the Card with a personal identification number (“PIN”), Designated Cardholders can also obtain cash advances at any automated teller machine (“ATM”) that we designate and displays the MasterCard/Cirrus[®] logo. If a Card is used by a Designated Cardholder to obtain a cash advance, you are assumed to have authorised the transaction. We are not liable to you if a merchant, a business or an ATM does not accept your Card or any Scotiabank credit card cheque for any reason.

You agree that all transactions, including all Purchases made using the Cards or by Scotiabank credit card cheques and all cash advances made using the Cards, will be for your business purposes only. Your violation of this provision does not relieve you of your obligations to repay us for all such amounts along with any interest, fees or other amounts you may owe us pursuant to this Agreement.

Automatic Teller Machines (ATMs)

The amount you can withdraw each day on a Card as a cash advance from an ATM is limited to the amount of the Individual Credit Limit (defined below) and is also subject to the ATM withdrawal limit set by us or the other financial institution. We may vary the ATM withdrawal limit from time to time without notice.

The amount that can be withdrawn each day as a cash advance on the Card in an over-the-counter transaction at a financial institution is limited to the amount of the Individual Credit Limit and is also subject to the daily allowable cash advance limit that we assign for your Cards. We can vary the cash advance credit limits from time to time without notice. Over-the-counter transactions using a Card are subject to Card verification and authorization by the financial institution processing the transaction.

We, our officers, directors, employees and agents are not liable for any losses or damages you may suffer as a result of unauthorized cash advances obtained by Designated Cardholders using the Cards at anytime. You are responsible for the repayment to us of all cash advances obtained by a Designated Cardholder, including interest thereon, prior to your notifying us that a Card has been lost or stolen.

Warranties and representations

We will not be liable for the inability to perform the whole or any part of the features, benefits or services contemplated under the Small Business Credit Agreement that are reasonably beyond our control. In no event will we be responsible for the acts or activities of any third party.

We will not be liable for any damages of any kind related to your or any Designated Cardholder's use of the Cards or any of the features, benefits or services contemplated in this Small Business Credit Agreement even if you've notified us in advance of such possible damages.

Identification

You warrant that, prior to requesting Cards for any potential Designated Cardholder, you shall have obtained, verified, and recorded information that confirms the identity of each potential Designated Cardholder and will provide this information to us upon request. Further, you warrant that any Card request sent to us by you shall only be for a potential Designated Cardholder who has been screened, whose identity has been verified and who is allowed to be issued a Card by, but not limited to, applicable laws, regulations and guidelines related to the prevention of money laundering and funding of terrorism with which financial institutions must comply.

Making a minimum monthly payment

(Applicable to the Scotiabank Business MasterCard Cards and the Credit Line for Business)

We will provide a monthly statement containing information about each transaction during the statement period (the "Monthly Statement") addressed to each Designated Cardholder. For the Credit Line for Business, we will provide you this information either

through statements mailed to you, or posted on Scotia OnLine Internet Banking. All Monthly Statements will be sent to the Business' mailing address. All indebtedness incurred through the use of your Card or the Credit Line for Business is billed and payable in the currency of the Card or the currency of the Credit Line for Business, as applicable. You can make payments at any of our branches in the country in which the Card or the Credit Line for Business was issued.

The minimum monthly payment amount due will be indicated on each Monthly Statement. Minimum monthly payment amounts are calculated as outlined in the Bank's Rates and Fees Schedule that is provided to you with your Card or available from your domicile branch or as advised by us from time to time. If you do not repay your debt in full by your statement payment due date, you agree to make the minimum monthly payment in the currency stated in the Monthly Statement. Interest is payable on cash advances, Scotiabank credit card cheques and balance transfers from the transaction date indicated on the Monthly Statement to the date payment is received in full. We will tell you the minimum required payment on each Monthly Statement. We may require a different monthly payment and will notify you of this beforehand. Any overdue payment or overlimit amount must be paid as soon as you receive your Monthly Statement. We can debit the minimum payment amount, overdue payment, overlimit amount or any outstanding amount from any of your Scotiabank Business Accounts on the due date shown on the Monthly Statement.

You authorise us to debit any of your Business Accounts for all or any portion of the debt you owe to us

Applying payments

We apply payments first to any previously billed interest charges, then to any annual fees, service charges or fees or insurance premiums, then to any previously billed cash advances or Scotiabank credit card cheques. Next, we apply them to any previously billed Purchases, then to any unbilled cash advances or Scotiabank credit card cheques, then to any unbilled Purchases.

Applying credit vouchers

If a merchant or business issues a credit voucher, we will reduce your debt by the amount of the voucher when we receive it. We apply the credit vouchers first to any billed cash advances then to billed Purchases on which interest is payable. We then apply your credits to any unbilled current cash advances and finally to any unbilled current Purchases.

Foreign currency transactions

All your debt incurred through the use of a Card will be billed and payable in the currency of the Card. All transactions completed in a currency other than in the currency of your Card will be converted and posted to the Monthly Statement (defined below) in the currency of the Card. This includes debit and credit vouchers.

Foreign currency transactions (including both debits (purchases and cash advances)

and credits (returns)) to the Card account will be converted to the currency of the Card at the foreign exchange rate equal to the rate determined on our behalf by MasterCard International Incorporated on the date a transaction item is debited or credited to the Card account. We may also add a fee or a percentage mark-up amount to the converted amount however if we do the amount of the fee or percentage mark-up amount will be listed in the Rates and Fees Schedule that accompanies your Card. The exchange rate at the date of conversion may be different from the rate in effect on the date the transaction was made.

For payments made on the Card account in a foreign currency (other than in the currency of your Card), we will use the exchange rate normally charged to our customers on the date the payment is posted to the Card account. This rate is subject to change from time to time and is available from your domicile branch.

We will not assume any risks associated with foreign currency exchange gains or losses from cross-currency conversions resulting from the use of the Card. Any gains made and any losses incurred by you in connection with foreign currency transactions because of currency rate fluctuations between the date the debit is posted and the date any subsequent credit is posted to the Card are for your account and shall be payable to or by you (as the case may be).

Interest on Scotiabank Business MasterCard Cards

The interest charge on your Monthly Statement is calculated separately for Purchases and cash advances. You agree to pay us interest on the Card as set out below.

You must make payment in full or the minimum monthly payment (as indicated in the Rates and Fees Schedule) of the amount due shown on the Monthly Statement(s) (representing Purchases, cash advances, interest, service charges, stamp duties and insurance premiums (if applicable), transactions or other fees) by the due date shown on the Monthly Statement. We may debit any of your Scotiabank Business Accounts for the full amount due on the due date shown on the Monthly Statements.

Interest on cash advances

If a Card is used to obtain a cash advance, or if you use a Scotiabank credit card Cheque we will charge you interest on each cash advance or Scotiabank credit card cheque from the date of the transaction date to the date it is paid in full. The interest rate and fees applicable to cash advances are set out in the Rates and Fees Schedule that accompanies your Card. Interest is calculated on your cash advances using the average daily balance method. The daily balance is calculated by taking the beginning balance of cash advances, adding any new cash advances and debit adjustments related to cash advances made during the current billing cycle and subtracting any payments or credit adjustments applied to cash advances. The average daily balance is calculated by dividing the total of all daily balances in the current statement cycle by the number of days in the current statement cycle. The current annual interest rate is divided by 365 to determine a daily periodic interest rate. The resulting daily

periodic interest rate is multiplied by the average daily balance and then multiplied by the number of days in the statement cycle.

Interest on purchases and other charges

We will not charge you any interest on any Purchase and other charges listed on your last statement if you make a payment in full on or before the due date shown on the Monthly Statement. If payment is not made in full by the due date, we will charge interest at our then current annual rate on each Purchase and other charges from the date of the transaction to the date the balance is paid in full. Interest will be payable on outstanding Purchases and other charges carried forward from prior statements to the last statement until they are paid in full.

Interest on Purchases and other charges for the current billing cycle is calculated by using the two-cycle average daily balance method. The daily balance is calculated by taking the beginning balance of Purchases and other charges on your account, adding any new Purchases, debit adjustments for Purchases and other charges as of the transaction date, and subtracting any payments or credit adjustments applied to Purchases and other charges. The average daily balance is calculated by dividing the total of all daily balances in the previous statement cycle and all daily balances, less new Purchases and other charges, in the current statement cycle by the number of days in the current and previous statement cycles. The current annual interest rate is divided by 365 to determine a daily periodic interest rate. The resulting daily periodic interest rate is multiplied by the average daily balance and then multiplied by the number of days in the current statement cycle. New Purchases on the current statement are excluded from the current average daily balance, but will be included in the next month's average daily balance if the current statement balance is not paid in full by the payment due date.

The total interest charges appearing on the Monthly Statement will be the sum of the interest charges on cash advances and the interest charges on Purchases and other charges. There may be minor variations due to rounding.

Cancelling Cards and this Agreement

You will promptly advise us if a Designated Cardholder ceases to be authorised to use the Card, and you will retrieve all Cards and Scotiabank credit card cheques and surrender such Cards and Scotiabank credit card cheques to us.

We can cancel this Agreement at any time without any prior notice to you and require you to give your Cards and the Scotiabank credit card cheques back to us or to someone acting on our behalf, upon our demand. Cancellation of Cards by either party does not relieve you of your responsibility to pay any debt you may owe to us. The Card is always our property.

If a Designated Cardholder has used the Card to authorise pre-authorized payments on a continuing basis you are responsible for all such charges to the Card until you terminate such preauthorized payment arrangements with each payee. You will require each Designated Cardholder to provide a current list of all such pre-authorized payment arrangements that are to be paid by the Designated Cardholder through use of the Card.

On the cancellation of the Card by you following the cancellation of a Designated Cardholder's use of the Card (either during employment or following termination of the employment of a Designated Cardholder) or on termination of this Agreement, you will notify the payees of all such pre-authorized payment arrangements that all future preauthorized payments on the Card are immediately cancelled and will be returned by you if processed on behalf of the payee.

Observing your Card's expiry date

You agree not to use any Card after the expiry date embossed on a Card. If a Card is used after its expiry date, you agree to pay any debts that are related to or arise from such use.

Not exceeding your credit limit

In connection with the use of all the Cards supplied to you, the Bank has assigned you an aggregate credit limit as set out in the Small Business Commitment Letter.

Each Card is subject to an individual card credit limit ("Individual Credit Limit") set out in the Scotiabank MasterCard BusinessCard New Account/Change Request Form or in the Scotiabank MasterCard BusinessCard Additional Cards Form. You are responsible for ensuring that the aggregate credit limit and the Individual Credit Limits are not exceeded.

We may change the aggregate credit limit or an Individual Credit Limit at any time without telling you in advance. At our option, we may issue a notice to you about the changes. The notice will be a binding agreement between you and us and may not require a written signature from you. Any such notice shall form part of the Small Business Credit Agreement.

Insurances

Optional Scotiabank MasterCard for Small Business Credit Protection Plan (creditor life and critical illness insurance) may be available. A separate application for insurance is required. Some limitations and exclusions apply. Insurance certificates will be delivered to you, as applicable, at the time of insurance enrollment. Insurance premiums will be charged to the Card account.

Optional services

Certain features, benefits and services are provided automatically with the Card. You understand that optional services may be available at an additional cost to you. You understand that all services available with your Card may be governed by separate agreements or authorizations which you agree to be bound by. You also understand that firms independent of us may supply some Card features, benefits or services and that we are not responsible for nor liable for them in any way.

Telling us about loss, theft or unauthorized use

You will inform your branch or Small Business Banking Centre as applicable, immediately and in writing upon discovering the loss, theft or unauthorized use of any Card, PIN or Scotiabank credit card cheque issued to you or a Designated Cardholder.

If you even suspect the unauthorized use of any Card, PIN or Scotiabank credit card cheque you will notify us immediately. In case you are unable to reach us immediately, please contact MasterCard International at 1-800-307-7309 (toll free from Canada, USA, The Bahamas and the Caribbean) or collect at (636) 722-7111.

In accordance with applicable law, if any Card and/or Scotiabank credit card cheque is lost or stolen, you will be liable for all debts, including accrued interest, resulting from their use until you have told us that they have been lost or stolen.

Security

If your Card account is secured by a mortgage or security agreement, you agree to not further encumber the property without our prior written permission. If you sell the property which is subject to the mortgage or security agreement, you agree that you will immediately repay to us all amounts owing under this Agreement.

Scotiabank Merchant Services Agreement

Special Definitions applicable to the Scotiabank Merchant Services Agreement

Acquirer is a licensed member of a card association which maintains merchant relationships, and receives all bank card transactions from the merchant and initiates data into the interchange system.

Addenda mean the Scotiabank Merchant Services Agreement Addenda which includes the Advance Lodging Deposit Service Addendum, the Card Rental Addendum, the Hotel Reservation Service Addendum, the Internet Merchant Program Addendum, the Recurring Payments Addendum and the Paper Merchant Addendum.

Adjustment means a transaction that is initiated by us to correct a Transaction that has been processed to or from your Business Account.

An Unexpired Cardholder means the person in whose name a Card is maintained and who is presenting the Card for payment.

Association means a credit card association such as Visa International, MasterCard International Incorporated or other organization, which services and obtains processing services for members and functions as a principal/proprietary member.

Authorisation means the act of verifying that the Cardholder has adequate funds available against his or her Credit Card limit for the amount of the transaction requested. A positive authorisation results in an authorisation code being generated, and those funds being set aside for the benefit of the Merchant. The cardholder's available Credit Card limit is reduced by the authorised amount.

Authorisation Center means a data service centre which provides information as to whether or not a Transaction is authorised.

Automated Authorisation means the Scotiabank automated services that allow you to electronically obtain authorisations for transactions;

Bankcard means a financial transaction card (credit or debit card) that issued by a financial Institution which enables the person to access their accounts.

Card Processing Services means the services necessary to authorise, process and settle Transactions, completed and effected by Merchants with Cardholders. In the case of such transactions, Merchants accept payment through the use of the relevant Cards for goods, services or other items of value sold, leased, or otherwise provided to the applicable Cardholders and such term also includes the provision of related equipment and services that are necessary or ancillary to the provision of these services.

Cardholder means the person whose name is embossed on a Credit Card and is a designated user on the Credit Card Account.

Cardholder Permission Form means the Scotiabank approved form used by merchants and provided to Cardholders to obtain the Cardholder's permission to charge Recurring Services and Recurring Payments to the Cardholder's Credit Card.

Card Recovery Bulletin is a publication listing Card account numbers that we want you, the Merchant to recover if such Card(s) is presented to you.

Chargeback means any item or transaction that is returned by a Card issuer or a Cardholder through the Association, whereby we would debit the Merchant's Settlement Account with the amount of the chargeback if it cannot be successfully defended.

Chip Cards means the plastic payment cards embedded with a micro computer chip which store encrypted confidential information such as the Cardholder's account number and Personal Identification Number (PIN).

Code 10 means the code that is used when a Merchant suspects fraud (i.e. a person using a Credit Card for a purchase is not the authorised Cardholder or the signature does not match, etc.) and whereby the Merchant calls the Authorisation Centre immediately and states to the Authorisation Centre clerk "This is a code 10" and awaits instructions. If the Merchant is advised to obtain or hold on to a Card or is given other instructions, the Merchant shall use its best efforts, by reasonable and peaceful means, to comply with such advice or instructions.

Credit Card means a card whose holder has been granted a revolving credit line by his or her issuing financial institution. The credit card enables the holder of the card to make purchases and/or take cash advances up to a prearranged credit limit.

Credit Voucher means a document or an electronic record submitted to the Bank by a Merchant evidencing any refund, credit or price adjustment to be credited to a Cardholder's account.

Customer means the Cardholder performing transactions.

Debit Card means a card that is issued by a financial institution which allows a person to access funds in their account maintained with the financial institution without having to physically go to the branch of account. A debit card can be used to withdraw cash from an automated teller machine (ATM) and make purchases at Merchant locations.

Downtime Floor Limit means the maximum dollar amount of Credit Card sale that the Merchant may complete without having to obtain the Bank's verbal Authorisation. If the Scotiabank Merchant Service is unavailable we may vary the Downtime Floor Limit from time to time by giving you written notice of the change.

Electronic Draft Capture ("EDC") means a service that captures transaction data that has been authorised through a Debit Point of Sale (POS) device. The amount of the transaction will be credited to the Merchant's Settlement Account identified in the ScotiaBank Merchant Services – Service Request & Pricing Schedule.

Electronic Service means any system or software application which we authorise for use in connection with the processing of Internet Transactions or Recurring Payments.

Escrow means money, securities or other property that is held by a third party until the terms and conditions of a contract are met.

Floor Limit means the maximum dollar amount that we establish for Card Sales, which the Merchant may complete without obtaining our verbal Authorisation.

Interchange means the electronic transmission system of Visa, MasterCard, American Express or Discover Cards for the exchange of debit and credit transaction data.

Internet Transaction means a transaction resulting from the use of the Internet or that is intended to result in an Internet Sale and/or Refund.

Local Debit Network means an electronic local network that is predominantly owned and operated by participating financial institutions for the processing of Debit Card transactions.

Merchant is the person or entity with which the Bank has contracted with and has agreed to provide the collection of payments by debit or Credit Card for products and services by your Customers from the Card issuer.

Merchant Number means the number that is assigned to each Merchant by the merchant processor for accounting and billing purposes.

Merchant Transaction(s) means the Cardholder Transaction(s) that result in the use of a debit or Credit Card and that is represented by a Sales Draft, or any adjustment or return that is credited to a Card which is represented by a Credit Voucher.

On-Line Link means the collection and processing of Transaction information via the Internet, dial-up, or a dedicated Merchant connection to the card processing system.

Participating Institutions or Participants means the various financial institutions participating in the Local Debit Network for point-of-sale devices.

Payment Card Industry (PCI) Security Standards means the standards established by the PCI Security Standards Council that deal with the ongoing development, enhancement, storage, dissemination and implementation of security standards for account data protection.

Personal Identification Number (PIN) means a confidential code of digits used by the Cardholder to authenticate the Cardholder's identity and authorise a point-of-sale Transaction.

Presentation of a Card means the provision of a Card number on a Cardholder Permission Form for use in connection with a Recurring Payment.

Point of Sale Device (POS Device) means the electronic equipment that the Merchant uses to perform transactions and that reads the magnetic stripe or data stored in the chip on the cards.

Recurring Payment means an arrangement in which a Cardholder has pre-authorized a Merchant to charge on an ongoing basis (or until cancelled) an amount against their Credit Card or Debit Card account. The recurring payment arrangement may be for a defined time period or may stay in force until one or both parties decides to terminate it.

Recurring Services means all goods and/or services of an ongoing nature provided to a Cardholder in respect of which the Merchant has completed a Recurring Payment to bill the Cardholder for these goods and/or services.

Refund/Returns mean the process of reversing a previously settled transaction. This will appear as a credit on the Cardholder's Credit Card or Debit Card statement.

Sale(s) means the selling, leasing, or renting of goods or services by the Merchant to the Cardholder.

Sales Draft means the instrument or electronic record arising from the use of a Card which evidences an obligation on the part of the Cardholder to pay the amount specified in the instrument or electronic record to the Card issuer (in the case of a credit card transaction) or the Merchant (as applicable).

Settlement Account means the Business Account you have established, maintained and or designated as the account for the purposes of processing payments or debits as part of the Scotiabank Merchant Services Agreement.

Standard (Paper) Merchant Service means the service that is offered by us where the Merchant obtains a verbal Authorisation from the Authorisation Centre for all Transactions that are above the Merchant's specified Floor Limit. Paper Sales Drafts are prepared manually by the Merchant, signed by the customer, and deposited in the Merchant's Settlement Account.

Transaction(s) means any sale that is paid for with a debit or Credit Card, represented by a Sales Draft, or any adjustment or return that is credited to a Card, represented by a Credit Voucher.

General Terms

The Merchant will honour any valid Card bearing authorised network marks that the Merchant has set out to accept as outlined in the Scotiabank Merchant Services – Service Request & Pricing Schedule.

You agree that your advertising materials must contain clear and conspicuous notice of your cancellation policy and procedures. If the electronic authorisation component of the Scotiabank Merchant Service is unavailable, the Merchant agrees to obtain a verbal Authorisation from the Bank for each Transaction that exceeds the Merchant's current Downtime Floor Limit. The Merchant also agrees to obtain the Bank's verbal Authorisation in accordance with the procedures that the Bank establishes from time to time.

The Merchant must complete all Sales Drafts to include either a physical imprint of the Cardholder's Card, or an electronic printing resulting from the utilization of a

magnetic stripe reader and/or chip consisting of the name of the Cardholder, the Cardholder's account number, the expiration date of the Card, and any embossed initial date of validity, the signature of the Cardholder as it appears on the Card (not required for quick payment services), the name, address and unit number of the Merchant, the Transaction date, the description of the product sold or service rendered, the amount; and the Authorisation number, as required.

The Merchant must compare the signature on the Sales Draft or Credit Voucher with the signature of the Cardholder as it appears on the appropriate space on the Card.

The Merchant must not process a credit Transaction in order to provide a refund on a Debit Card Transaction.

The Merchant shall not execute a Transaction to replace funds unable to be collected from another payment method, such as to cover a returned cheque.

The Merchant agrees to indemnify the Bank against any and all fines, levies and assessments levied against the Bank by the Local Debit Network as a result of the Merchant's failure to comply with the Local Debit Network rules.

The Merchant agrees to sell merchandise to or perform services for the Customer at prices that do not exceed the Merchant's ticketed or posted prices for such merchandise or services.

The Merchant agrees not to discriminate against a Transaction in favour of a Sale completed with cash, cheque, or other form of payment.

The Merchant shall not require any Cardholder to pay any part of Bank's fee charged to the Merchant.

The Merchant shall not require a minimum or maximum Transaction amount and shall not post signs requiring a minimum or maximum Transaction amount in order to accept a Card.

The Merchant shall not refuse a Card Sale because a Cardholder refuses to provide supplementary information (i.e., address, telephone number) or identification (i.e., drivers license, other credit cards, etc.) when a valid Card is presented.

The Merchant shall not, with regard to the exchange, return or adjustment of any goods or services, discriminate against any Cardholder.

The Merchant shall not engage in acceptance practices (cash or otherwise) or procedures that discourage the use of Cards in favour of any other payment method that the Merchant also accepts.

The Merchant shall not effect a Card Transaction when only a part of the amount due is included on a single Sales Draft, except when the balance of the amount due concurrently is paid by the Cardholder in cash or by cheque, or both.

The Merchant must not disclose or use the data which is visible or not visible on a

Card, including, without limitation, information which is encoded on a Card's magnetic strip or chip, for purposes other than completing a legitimate Transaction.

The Merchant shall not disclose Transaction-related information to any party other than your agent, the Local Debit Network, your financial institution, or the Card issuing institution and then only for the purpose of the settlement of Transactions or error resolution.

The Merchant may not submit for payment Transactions between the Cardholder and any business other than your business. If you attempt to do so, you may be subject to a Chargeback and immediate termination of your Agreement and/or legal action.

Except for Sales Drafts that the Bank refuses to credit or Chargeback to the Merchant's Account, the Merchant shall not receive payment from any party except the Bank for a Transaction evidenced by a Sales Draft.

The Merchant shall not process for payment any Transaction(s) representing the refinancing of an existing obligation or debt of a Cardholder including, but not limited to, obligations or debts:

- previously owed to the Merchant;
- arising from the dishonour of a Cardholder's cheque; and/or;
- representing the collection of any other pre-existing indebtedness.

The Merchant shall not present for processing:

- any Transaction that did not originate as a result of an act between the Cardholder and such Merchant; and
- any Transaction representing payment for a product or service other than a product or service identified on the Scotiabank Merchant Services Application Form.

The Merchant shall not receive any payments from a Cardholder with respect to charges for goods or services which are included on a Sales Draft resulting from the use of a Card.

The Merchant may establish its own policy concerning refunds and the Merchant will give the Cardholder proper disclosure of this policy at the time of any Card Transactions. Such disclosure must be made on each Sales Draft, Transaction record, or suitable receipt provided to a Cardholder and must be in close proximity to the space provided for the Cardholder's signature. If with respect to any Card Transaction any merchandise is accepted for return, any services terminated or canceled, or any price adjustment is allowed, the Merchant shall not make any cash refund to the Cardholder but shall deliver promptly to the Bank a Credit Voucher evidencing such refund or adjustment. The Merchant shall deliver to the Cardholder a true copy of each applicable Credit Voucher or suitable receipt therefore completed so as to show the date of Transaction and the amount of the credit granted.

The Merchant shall deliver to the Cardholder a true and complete copy of the Sales Draft(s), or Transaction record(s), or suitable receipt evidencing a Transaction involving the use of a Card. Such copy shall be delivered at the time the Sales Draft, Transaction record, or suitable receipt is executed by the Cardholder, or promptly after the delivery of the goods or performance of the services covered thereby, whichever is earlier.

Terms of Operation

The Merchant agrees that the Bank's records as to whether a Transaction has been performed, and our account or determination of the details of Card Transactions will be correct and binding on the Merchant in the absence of contrary evidence that is satisfactory to the Bank.

The Merchant must issue a receipt to the Cardholder upon successful completion of a Transaction. The Cardholder's account number will be masked so that only the last four (4) digits will appear on the receipt. The masked digits will appear as non-numeric characters such as asterisks. This is referred to as PAN truncation. The receipt must include the terminal ID, Transaction date and time, Authorisation number, Transaction amount and Merchant's name and address.

If the Merchant subscribes to the Scotiabank Merchant Service (EDC only), you agree to process the Transaction through your POS Device in accordance with the procedures established by the Bank. If the Scotiabank Merchant Service is unavailable, you agree to follow the manual procedures.

If the Merchant subscribes to the Automated Authorisation or Standard (Paper) Merchant Service, and if the service is not available, you agree to imprint the embossed data from the Card and your Merchant plate on the Sales Draft or Credit Voucher with the Authorisation code.

On manually imprinted Transaction Receipts, a Merchant must include the Cardholder name if one is printed or embossed on the Card, and if the imprinted information is not legible, reproduce it clearly.

If the Merchant subscribes to either EDC or the Automated Authorisation Service, the Merchant agrees to verify that the embossed Card account number is displayed on the POS Device or the POS Device printer after swiping the Card's magnetic stripe (if this function is provided by the POS Device). If these numbers do not match, you must call the Authorisation Centre for a Code 10 Authorisation.

The Merchant agrees to retain the "Merchant copy" of each completed Sales Draft and Credit Voucher and any other records relating to the Transaction for a minimum of eighteen (18) months from the date of the Transaction (or longer where required by law).

The Merchant agrees that under no circumstances will the amount of a single Transaction above the assigned Floor Limit be split into multiple Transactions with separate Sales Drafts that would fall below your Floor Limit in order to avoid obtaining an Authorisation.

A Merchant may generate a Transaction receipt either electronically or manually with a brief description of the goods or services sold and currency symbol (such as US \$) or words denoting the Transaction currency as part of the Transaction amount. Without a currency symbol or identification, the Transaction currency defaults to the local currency of the country where the Transaction occurred.

A Merchant must not deposit Transaction Receipts resulting from any Transaction involving a Card between a Cardholder and another entity. A Merchant must deposit only Transaction Receipts that directly result from Cardholder Transactions with that Merchant.

A notification by the Bank of a violation at any one Merchant location requires the Merchant to ensure that the practice is discontinued at all locations covered by the Scotiabank Merchant Services Agreement.

A Merchant must not present Transactions that it knows or should have known to be fraudulent if not authorised by the Cardholder, or authorised by a Cardholder that is in collusion with the Merchant for a fraudulent intent. Within the scope of this rule, the Merchant is responsible for the actions of its employees and agents.

The Merchant must agree to comply with the Payment Card Industry (PCI) Security Standards.

In addition to the terms & conditions outlined in the Operation of this Agreement section of the Small Business Financial Services Agreement, you agree to the following terms and conditions relating to assignment, termination and indemnification:

Assignment

You and your principals, partners or proprietor shall provide the Bank with thirty (30) days advance written notice of its intent to (i) sell or offer to sell goods or services which differ, in any substantial manner, from those represented by Merchant to Bank upon the effective date of this Agreement, (ii) transfer or sell any substantial part (10% or more) of its total assets or liabilities, and/or (iii) liquidate or change the basic nature of its business.

Termination

The obligations for any particular transaction completed on or prior to the date of termination shall survive termination.

This Agreement shall come into effect on the date the POS Device(s) is delivered to you as outlined in this Agreement and shall remain in full force and effect unless either party terminates it by giving thirty (30) days' written notice to the other party.

We may terminate this Agreement and put a hold on the Merchant's Settlement Account, without notice to the Merchant, if the Merchant becomes insolvent or bankrupt, or if we deem the Merchant to be insecure with respect to the Merchant's business.

Immediately upon termination, Merchant shall return all rented/leased imprinters, forms, and other material supplied by us. All obligations of Merchant shall survive any termination

as to any sales drafts acquired by us prior to the termination date, and to any extension or modification of such Sales Drafts. If required by us, the Merchant shall maintain an Escrow account with us based on estimated Chargeback and adjustment dollar volume outstanding. We will refund any remaining monies on deposit in the Escrow account to Merchant no later than one hundred and eighty (180) days after termination of this Agreement. If monies are not sufficient in the Escrow account to cover said Chargebacks and adjustments pursuant to this Agreement, Merchant agrees to promptly pay any deficiency to us upon request. If it becomes necessary to enforce the obligations of Merchant, Merchant agrees to pay all legal expenses incurred by us.

Indemnification

You agree to indemnify us, our officers, directors, employees and agents and hold us and our officers, directors, employees and agents harmless from any claims whatsoever and howsoever arising, made:

- by any Customer arising out of a transaction; or
- by any person if the Merchant recovers or attempts to recover Cards listed on a Card Recovery Bulletin.

The Merchant agrees to cooperate with the Bank in recovering any Cards listed on the Card Recovery Bulletin.

We and any of our officers, directors, employees and agents shall not be liable for any direct, indirect, or consequential damages incurred by the Merchant that results from termination of this Agreement or that are incurred by the Merchant which may arise if we are ever, for any reason, unable to perform any part of the Scotiabank Merchant Services, or if there are any errors in the performance of the Scotiabank Merchant Services outside our reasonable control or that arise if the POS Device fails to function or functions improperly.

In no event will we be responsible for the Merchant's acts or omissions or those of any third party.

If we incur fines from the associations as a result of the Merchant's actions or failure to comply with the rules of the associations, the fines will be passed to the Merchant and you agree to pay such fines immediately upon demand by us.

We do not represent or warrant that Scotiabank Merchant Services will be available to process Transactions during specified times.

We reserve the right to suspend or completely cancel any portion of the Scotiabank Merchant Services Agreement, at any time, without prior notice to the Merchant.

You agree to be solely responsible for the accuracy and completeness of information provided to us, including the information provided in the Scotiabank Merchant Services – Service Request & Pricing Schedule. The Merchant will indemnify and hold the Bank and its officers, directors, employees and agents harmless from any and all

loss or liability to which the Bank may be subjected in connection with any claim arising out of the inaccuracy or incompleteness of such information; and

If you are an Internet Merchant:

- you are solely responsible for the accuracy and completeness of information furnished to Scotiabank for the authorization, processing and settlement of Internet Transactions.
- You agree to indemnify us and our officers, directors, employees and agents and hold us and our officers, directors, employees and agents harmless from all loss or liability which we incur or may be subjected to in connection with any claim arising out of the inaccuracy or incompleteness of such information. You acknowledge that we are not responsible for the unauthorised use of any electronic service by any of your employees, agents or any other person or entity.

You agree to indemnify us and our officers, directors, employees and agents and hold us and our officers, directors, employees and our agents harmless from and against any and all claims against us arising out of or resulting from the actions of you or your employees, agents or any claim by a Cardholder, Association or local authority.

Neither party shall be liable for its failure to perform under this Agreement if such failure arises out of causes beyond the control of and without the fault or negligence of such party.

Local Debit Card

As a participating Merchant, you must accept Debit Cards that participate in the Local Debit Networks and/or Association branded Cards properly presented for payment at your point of sale. You must examine the Card to see if it contains the local network logo to determine if the Card participates in the Local Debit Network.

You may not require additional information from the Cardholder, other than the Personal Identification Number, for the completion of the Transaction unless the circumstances appear suspicious. A signature is not required for online Local Debit Network Transactions.

The Merchant is not allowed to process off-line Transactions.

In respect of the operation of the Debit POS Service, Scotiabank (or its service providers) shall perform for the Merchant the following services:

- Transaction Authorisations – Upon the transmission of an Authorisation request for a Debit POS Transaction by electronic means, Scotiabank (or its service providers) shall verify the availability of funds in the account of the Cardholder effecting the Transaction. If the Cardholder's account contains sufficient funds to perform the Transaction, Scotiabank in order to process the Amount of the Transaction shall transmit to the Merchant an authorisation number, which will be printed on the receipt issued by the POS Terminal. If the Cardholder's account does not contain sufficient available funds or the authorisation request is otherwise refused (e.g. incorrect PIN

entered), a negative response or declined Transaction shall be displayed on the screen of the POS Terminal and printed on the receipt issued by such POS Terminal.

You agree to retain a copy of each completed Sales Draft and any other records relating to the Transaction for a minimum period of six (6) years from the date of the Transaction. You agree to provide the Bank with either the original or a legible copy of any of these records within three (3) days of the Bank's request (or longer where required by law).

You agree that our records as to whether any Transaction has been performed and our account or determination of the details of the Transactions will be correct and binding on you in the absence of any contrary evidence that is satisfactory to us.

You agree to process Local Debit Transactions electronically with the POS Device(s) we provide to you in accordance with this Agreement. The Bank may issue additional written directions regarding operational procedures that the Merchant must follow and prescribed forms that the Merchant must use to carry out this Scotiabank Merchant Services Agreement. The directives given by us and the terms of such prescribed forms are binding on you upon receipt.

All parties involved in processing Adjustments are regulated by time frames that are specified in the operating rules of the applicable Local Debit Network or Card Association.

The following general requirements apply to all Local Debit Network Transactions:

Authorisation Procedures:

- (a) all Debit Transactions must be authorised and processed electronically. There is no telephone voice Authorisation or manual imprinter procedure involved for Debit Card Transactions.
- (b) you may not complete a Debit Card Transaction that has not been authorised. If you are unable to obtain an authorisation, you should request another form of payment from the Cardholder. The Cardholder should be instructed to contact the financial institution that issued the Card to find out why a Transaction has been declined.
- (c) you may not complete a Debit Card Transaction without entry of the Personal Identification Number (PIN) by the Cardholder.
- (d) the PIN must be entered into the POS terminal only by the Cardholder. You cannot accept the PIN from the Cardholder verbally or in written form. You agree to maintain the confidentiality of a Cardholder's PIN at all times and to never request the PIN from a Cardholder. You also agree to situate the POS Terminal in a way that minimizes risk of disclosure when the Cardholder enters the PIN.
- (e) if the printer is not operational and the POS Device has successfully processed the Transaction, you agree to provide the Cardholder with an alternative record such as a sales slip showing the Debit Card account number embossed on the Card, to indicate that payment was made with the Card and to give one copy of the completed sales slip to the Cardholder.

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- (f) you may not manually enter the Card account number. The Card account number must be read electronically from the magnetic stripe. If the magnetic stripe is unreadable, you should request another form of payment from the Cardholder.
 - (g) any applicable taxes must be included in the total Transaction amount for which the Authorisation is requested. Taxes may not be collected separately from the Cardholder in cash.

Cashback from purchase (Optional) – Subject to our approval, you may have the option of offering cashback to your Cardholders when they make a Debit Card purchase. You may set a minimum and maximum amount of cashback that you will allow the Cardholder to receive for each Transaction processed.

Refunds and returns – The Merchant shall not with regard to the exchange, return or adjustment of any goods or services discriminate against any Cardholder. There is no return/credit Transaction available through the Debit POS Service. If goods or services are returned, or any price adjustment is allowed after a Debit POS Transaction has been Authorised, the Merchant shall handle the return/adjustment directly with the Cardholder using another form of payment to the Cardholder (i.e., via cash refund or cheque).

Settlement

The Merchant agrees to maintain a Settlement Account with the Bank at the branch specified in the Scotiabank Merchant Services - Service Request & Pricing Schedule.

Upon Authorisation and subsequent batch settlement request, Scotiabank will credit the Merchant's settlement account for the amount of the POS Transactions. Fees, adjustments and fines levied directly against the Merchant by the Card Association and Local Debit Network and fines, levies, charges and assessments levied against the Bank in respect of which the Merchant has agreed to indemnify Bank will also be settled through the same account. Except for adjustment and chargeback by the Bank, Merchant shall not receive payment in respect of any Transaction presented to the Bank for clearing and settlement from any party except the Bank.

If the Merchant subscribes to the Scotiabank Merchant Services and uses a POS Device or other service to transmit electronically to obtain Authorisations and capture Transaction data, the Bank will, within a reasonable time (normally within two business days) of receiving the Transaction information, credit your Account for the net amount of the Sales Drafts less any Credit Vouchers and any applicable discounts or fees.

All deposit figures are subject to the Bank's final audit. If there are any errors or inaccuracies, the Bank will debit or credit your Settlement Account, without notice, for any deficiencies or overages.

Each business day, you must balance your Sales to the POS system via a batch submission. This includes printing applicable reports, credits and refunds prior to submitting your batch close and settlement.

The Merchant must reconcile all Card Transaction receipts to settlement received and notify the Bank of any errors within sixty (60) days of the Transaction occurring. The Merchant shall to the best of its ability, forward to Bank copies or electronic equivalent of the Sales Drafts and Credit Vouchers on a daily basis.

Card Security Features

The Merchant agrees to examine all Cards presented by Customers in order to ensure that every Card has the security features deemed necessary to be considered valid. The Bank will notify the Merchant of these procedures.

A Merchant must not store in any system or in any manner, discretionary card read data, CVV2/ CVC2 data or PIN data, except during the Authorisation process for a Transaction; that is, from the time an Authorisation Request message is transmitted and up to the time the Authorisation Request Response message is received.

Chargeback Rights

Although the Merchant may have been granted an Authorisation for a Transaction from or on behalf of the Card issuer, the Bank may refuse to credit your Settlement Account for the total amount of a Sales Draft, or chargeback the Transaction back to you if:

- (a) the merchandise referred to in the Sales Draft is claimed by the Customer to have been returned to the Merchant, or not to have been received by the Customer;
- (b) the services referred to in the Sales Draft have not been received by the Customer or are claimed by the Cardholder to be unsatisfactory;
- (c) the Bank reasonably believes the Merchant attempted to reduce or disguise the amount of a single Transaction by using multiple Sales Drafts (known as split ticketing);
- (d) the Merchant failed to comply with the terms of this Scotiabank Merchant Services Agreement;
- (e) the Cardholder disputes a mail order, telephone order, Internet, or pre-authorised order Transaction for any reason whatsoever;
- (f) the Card issuer returns the Sales Draft to us because of a delay on your part in submitting the Transaction;
- (g) the Merchant fails to examine the Card in order to ensure that it complies with Card security features established at the time of the Transaction;
- (h) the signature on the Sales Draft is, or is claimed by the Customer to be, forged or unauthorised, the Card was unsigned, or the signature on the Card is not similar to the signature on the Sales Draft;
- (i) the Merchant completed a Sales Draft that exceeds the Floor Limit and did not obtain an Authorisation or the Bank notified the Merchant not to honour the Card for the Transaction;

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- (j) the Sales Draft is illegible;
 - (k) the Sales Draft is incomplete;
 - (l) the Transaction, as evidenced by a Sales Draft or other credit extension, includes an unauthorised cash advance that the Merchant has made to a Customer;
 - (m) the Transaction, as evidenced by a Sales Draft or other credit extension, is for any reason illegal, null, or invalid;
 - (n) the Card used in a Transaction was listed on a Card Recovery Bulletin that was sent to the Merchant prior to the Transaction;
 - (o) the Transaction is deemed by Cardholder or Authorised user to be fraudulent or unauthorised;
 - (p) the Merchant deposited more than one copy of the same Sales Draft or the Bank has credited your Settlement account more than once for the same Sales Draft;
 - (q) the Merchant deposited or attempted to deposit Sales Drafts for fictitious Transactions, or has otherwise defrauded or attempted to defraud us;
 - (r) the Merchant imprints, deposits, or processes a Sales Draft or Credit Voucher resulting from merchandise sold or services performed (or alleged to have been sold or performed) by parties other than the Merchant;
 - (s) the Card used in the Transaction is expired or not yet valid at the time of the Transaction, unless the Bank specifically authorised the Merchant to complete the Transaction;
 - (t) the Cardholder was charged an incorrect amount, either too little or too much;
 - (u) the Cardholder was charged more than once for the same Transaction;
 - (v) a processing error may have occurred that caused the Cardholder to be charged even though the Transaction did not complete normally at the point of sale;
 - (w) the Cardholder disputes the Transaction, the Transaction was not successfully completed; or
 - (x) the Transaction is for any reason illegal, null or invalid.

Provided it is not a violation of our privacy obligations under applicable laws, the Bank may provide you with such relevant information that is available to us regarding any Sales Draft that we refuse to pay or that we chargeback to you.

You will be responsible for all applicable adjustments and fees that may be charged.

You must take appropriate actions to reduce the number of Chargebacks received and respond to all Chargeback notices we deliver to you.

The Bank reserves the right to Chargeback to your Settlement Account if you continue to charge a Cardholder for a Recurring Payment despite notification of cancellation by the Cardholder.

The Bank agrees to provide you with relevant information that is available to us regarding any Sales Draft that we refuse to pay or that we Chargeback to you.

All parties involved in processing adjustments are regulated by time frames that are specified in the operating rules of the applicable Local Debit Network and Credit Card Associations.

Relations with Customers

The Merchant agrees to settle all Customer claims and disputes about a Transaction directly with the Customer.

The Merchant agrees not to require personal information from the Customer as a condition of the Sale, including home or work address, telephone number, or driver's license for any Transaction.

The Merchant agrees that the Bank is not responsible for attending to and servicing any Customer queries, complaints, and requests regarding goods and services purchased.

If a Customer inadvertently leaves a Card at the Merchant's premises, the Merchant agrees to promptly return the Card to the Customer. If the Customer does not claim the Card within twenty-four (24) hours, the Merchant agrees to cut the Card in half and deliver it to the Bank at the first available opportunity.

The Merchant agrees not to give cash as credit for a return or adjustment on a Sale that was paid for by a Credit Card. The Merchant will issue a Credit Voucher for the amount of the return or adjustment, except for the cases in which we have refused to credit the Transaction amount to the Merchant's Settlement Account or have done a Chargeback of the amount back to you.

If the Merchant subscribes to the EDC service, the Merchant agrees to process the credit through the POS Device in accordance with the procedures that the Bank establishes from time to time.

In order to protect the Cardholder's privacy, the Merchant agrees not to list the Card account number as an identification feature on other payment forms such as cheques.

The Merchant agrees to obtain our prior written approval before using any advertising for your business that includes Scotiabank, the Card Association or the Local Debit Network names, trademarks, service marks, logos, symbols, etc. or any representation of these. If you include these names or logos, you may use them to show that you accept these branded Cards, and not that Scotiabank or any of its affiliates endorses any or all of your goods or services.

The Merchant must prominently and unequivocally inform the Cardholder of the identity of the Merchant at all points of interaction so that the Cardholder readily can distinguish the Merchant from any other party such as a supplier of goods or services to the Merchant.

Fees and Debits

The Merchant agrees to pay the Bank all fees outlined in the Scotiabank Merchant Services - Service Request & Pricing Schedule.

The Merchant agrees to pay the Bank in accordance with the pre-determined monthly rental fee plus all applicable taxes for any devices the Merchant acquires from the Bank. The Bank will debit your Settlement Account each month for this rental fee. The Merchant acknowledges that all devices will remain the Bank's exclusive property and agrees to return them to the Bank on demand.

The Bank will deduct its fees from the Sales Drafts that the Merchant delivers to the Bank or charge them to your Settlement Account, in accordance with the procedures established by the Bank.

If Transactions are not authorised, processed, or presented in accordance with the specific requirements of reduced interchange programs with Visa International and MasterCard International, then the difference between the "standard" and reduced rate will be billed to the Merchant.

The Merchant agrees that all fees, charges, credits, charge back or adjustments that the Merchant may owe constitute a debt that is payable on demand, and the Bank may debit the Merchant's Settlement Account without prior notice.

If there are insufficient funds in the Merchant's Settlement Account, the Merchant authorises the Bank to debit any other account the Merchant has with the Bank. If any such debit results in an overdraft in the Merchant's Settlement Account or other account the Merchant maintains with us, the Merchant will, on demand, pay the Bank the amount of such overdraft together with applicable interest and fees.

The fees set forth in the Service Request & Pricing Schedule are subject to change to accommodate the imposition of new or amended fees by third parties including additional processing costs arising from any requirements imposed by third parties beyond the normal processing contemplated hereunder, or from the imposition of new or amended regulations declared by the Associations or governmental requirements, and will be immediately effective upon the effective date of such adjustment.

If the Sales Volume and Average Transaction Size information provided by the Merchant in the Application is inaccurate, the Bank reserves the right to adjust the rates charged to reflect the revised information.

The fees listed in the Pricing Schedule are subject to change, and the Bank may amend these fees upon sixty (60) days of prior written notice to you, unless the change results from new or amended fees imposed by third parties.

The Merchant agrees that they will be responsible for any additional charges in relation to using a communication line other than the primary.

Additional Obligations

The Merchant agrees not to alter any of our, the Association's, the Local Debit Network's trademarks, trade names, design marks, service marks, or logos in any manner.

The Merchant shall not imprint, deposit, or process any Sales Drafts and Credit Vouchers resulting from merchandise sold or services performed (or alleged to have been sold or performed) by parties other than the Merchant.

The Merchant agrees not to disclose or remit to any third party, Cardholder account information or other documents or forms evidencing such information.

The Merchant agrees to comply with the operating guidelines issued by the Bank.

The Merchant agrees that the Bank may obtain whatever commercial and credit information is deemed appropriate with respect to the Merchant. The Merchant also allows the Bank to provide information about the Merchant to third parties such as credit bureaus, credit reporting agencies and other financial institutions.

You agree to furnish to us with financial statements and any other information we may require concerning you, the business, or your affiliates as the Bank may occasionally request.

You must not:

- indicate or imply that any Association Card endorses any Merchant goods or services;
- refer to an Association Card in stating eligibility for its products, services, or membership; or
- use all Association Card Marks for any purpose other than those permitted in the Association Card International Operating Regulations, or without written permission from them.

The Merchant must notify us if the nature of goods has been changed.

The Merchant agrees to give us authorisation with prior notice and during your normal business hours, our duly authorised representatives may visit your business premises and may examine only that part of your books and records that pertain to your card sales, a physical inspection of the Merchant location and an audit of the Merchant Website, if applicable.

The Merchant agrees to display Scotiabank signs, Card and local network decals or other identification, including our "Take-One" containers filled with Card application forms, in all high traffic areas, such as near your POS terminal(s) front desk, cashiers locations and restaurants. If you terminate this Agreement, you agree to remove any decals and signs from your POS Terminals and location.

Operational Procedures

The Bank may issue written directions regarding operational procedures that the Merchant must follow and prescribed forms that the Merchant must use. These directions and the terms of these forms are binding as soon as received by the Merchant.

We may, in our discretion, amend the Scotiabank Merchant Services Agreement or any schedule or addendum forming part of this Agreement, by giving sixty (60) days' notice in writing to you. Your continued transmittal of Sales Drafts and/or Electronic Transaction records to us after an amendment's effective date shall constitute your acceptance of the amendment.

Equipment

1. If The Equipment Is Rented

We agree to provide you with the POS Device(s) as requested in the Service Request & Pricing Schedule to process Transactions electronically. This equipment remains our property at all times. If you need additional or different POS Device(s), we agree to modify your POS Device(s) accordingly, and will price the different options for you at the time of your request.

The title to the equipment is, and at all times shall remain, with our supplier or us.

We agree to maintain, at our expense, the POS Device(s) you use to process Transactions at your business in good working order for the term of this Agreement.

If the POS Device(s) requires repair, maintenance, or replacement because of conditions beyond our control or reasonable wear and tear, including any negligence or willful misconduct on your part, such repair, maintenance, or replacement will be at your expense. If the POS Device(s) is damaged beyond repair, you agree to purchase such equipment for the residual value that we will determine from time to time.

You agree that we and any of our agents will have full and free access to the POS Device(s) and other equipment you obtain from us, during reasonable business hours for maintenance purposes.

You agree that you will not permit persons other than our authorised agents to adjust, repair, or otherwise maintain the POS Device(s).

We make absolutely no conditions or warranties either express or implied as to merchantable quality or fitness for purpose of any equipment or POS device.

We assume all responsibility for loss of a POS Device(s) only until it has been delivered to you upon delivery. At that time, you agree to assume full responsibility for the loss or theft of any of the equipment or POS device. If a POS Device is lost or stolen, you agree to purchase such equipment for the residual value that we will determine at that time.

You agree to possess and use the POS Device(s) during the term of this Agreement. Upon termination of this Scotiabank Merchant Services Agreement, you agree to return, at your expense, any equipment to us at a location we designate, in good condition, with only reasonable wear and tear excepted. Or, at our option, we may enter the premises where the equipment is located and take possession of it, during reasonable business hours and at your expense.

You agree not to remove any labels or tags that we specify that you should keep attached to any equipment we supply to you.

You agree to install the required communication or to make any modifications to existing connections that may be necessary to install the POS Device(s). You agree to pay the cost of the communication line installation/maintenance, which is or may be necessary to support the Electronic Service. You will also provide the required suitable electrical current to operate, and a suitable place to install the POS Device(s).

You agree not to remove or relocate the POS Device(s) or other equipment we provide from the location named in the Scotiabank Merchant Services - Service Request & Pricing Schedule, unless you have obtained our prior written consent to such removal or relocation. You are responsible for all expenses of relocation. You also agree not to sublet, assign, or transfer the POS Device(s) unless you have obtained our prior written consent.

2. If The Equipment Is Sold

At all times the Equipment shall be placed at the locations indicated for each piece of Equipment noted on the Scotiabank Merchant Services - Service Request & Pricing Schedule, and shall not be removed from such locations without notice to the Bank. Such placement shall constitute consideration of the Merchant's participation in the Electronic Draft Capture system.

The Merchant has sole responsibility for maintaining the Equipment in good working condition. The Merchant may request assistance from the Bank in obtaining service and repairs from the manufacturer, under the terms of the manufacturer's warranty.

The Merchant hereby authorises the Bank to debit the Merchant's Settlement account as specified in the Scotiabank Merchant Services - Service Request & Pricing Schedule for the sale amount of the terminal specified in the Scotiabank Merchant Services - Service Request & Pricing Schedule.

Our Commitment to You – Satisfaction Guarantee

When we make changes or open an account, we always want to ensure that we are helping you find the right account for your banking needs. If you are not satisfied with the changes made to your account, you may select an alternate Scotiabank account within ninety (90) days of the effective date of changes.

On request, we will refund the difference, if any, between the fees paid on your account and the fees that you would have paid with your alternate account choice on the effective date of the changes.