

EC2010-308**FINANCIAL ADMINISTRATION ACT
L.M. MONTGOMERY LAND TRUST INC.
GUARANTEE OF LOAN**

Having under consideration the recommendation of Treasury Board (reference Minute TB#70/10 of May 26, 2010), pursuant to subsection 32(1) of the *Financial Administration Act* R.S.P.E.I. 1988, Cap. F-9, Council agreed to guarantee payment of a term loan by L.M. Montgomery Land Trust Inc. (hereinafter referred to as "the borrower") in an amount not exceeding one million, five hundred and seventy thousand dollars (\$1,570,000.00) (hereinafter referred to as the "guaranteed indebtedness") together with interest thereon for years one and two at the rate of four percent (4%) and at a rate to be determined for the final two years to The Malpeque Bay Credit Union of Kensington, Prince Edward Island (hereinafter referred to as "the lender"), from the 26th day of May, 2010 through to and including 1700 hours on the 30th day of June, 2014 the said guarantee to be subject to and conditional upon the following terms and conditions:

1. The guaranteed indebtedness, including interest, shall be due and payable in full by the borrower no later than the 30th day of June 2014.
2. Any advances made by the lender after the 30th day of June 2014 shall not form part of the guaranteed indebtedness.
3. The guarantee shall absolutely expire and be null and void without notice to the lender at 1700 hours on the 30th day of June 2014 regardless of any advances that may have been made by the lender to the borrower unless on or before the 30th day of June 2014, notice has been given to the Government of Prince Edward Island, as represented by the Minister of Finance and Municipal Affairs that the borrower has defaulted in repayment of the guaranteed indebtedness to the lender, and calling upon the Minister of Finance and Municipal Affairs to pay the lender pursuant to the guarantee. The written notice shall include a copy of the written demand given by the lender to the borrower calling upon the borrower to pay the balance in full.
4. Government shall be entitled at any time to terminate the guarantee by paying to the lender such amount of the guaranteed indebtedness as may be owing by the borrower to the lender and the lender shall assign to the government all security the lender holds in connection with the guaranteed indebtedness.
5. The Minister of Finance and Municipal Affairs may add such further terms and conditions to the guarantee as he considers appropriate.

6. The guarantee shall not become effective until the lender has agreed in writing to the terms and conditions herein contained and those imposed by the Minister of Finance and Municipal Affairs pursuant to paragraph 5 above. The guaranteed indebtedness shall not include any advances made by the lender prior to the agreement by the lender with the terms and conditions herein contained and those imposed by the Minister of Finance and Municipal Affairs.