**THIS AGREEMENT** made this       day of       , 20

**BETWEEN:**

**HER MAJESTY THE QUEEN** in right of

the Province of Alberta, as

represented by the Department of Environment and Sustainable Resource Development,

(hereinafter called the "director")

**- and -**

(hereinafter called the "Mortgagee")

**WHEREAS** the Department is empowered to grant dispositions of public lands under its administration to individuals and corporations; and

**WHEREAS** the Department and the Mortgagee agree that it would be desirable and in the best interest of the borrowers (hereinafter called the "Mortgagor") from the Mortgagee who are holders of dispositions of public lands from the Department that the Mortgagee should be able to use dispositions held by the Mortgagor as security for the loan granted to the Mortgagor by the Mortgagee.

**NOW THEREFORE** the Department and the Mortgagee agree that to achieve this object, the following procedure and conditions shall be adopted and observed.

1. Every mortgage in favour of the "Mortgagee" given to secure a loan shall provide that any breach of the terms and conditions of the disposition shall entitle the "Mortgagee" to call in its loan.
2. Every borrower from the "Mortgagee" who obtains a loan on the security of a lease from the Department shall, before the loan is made, execute a Conditional surrender of Lease in the form set out in Appendix "A" hereto, and, in addition to mortgaging freehold lands as specified by the "Mortgagee", may, execute a mortgage of the leasehold interest and the Department hereby acknowledges and agrees that the leasehold interest so mortgaged shall constitute security for repayment of the loan.
3. Every loan which is covered by this Agreement (hereinafter called the "secured loan") shall be reported to the Department by the "Mortgagee" promptly upon being made.
4. The "Mortgagee" shall report the repayment of every secured loan promptly thereafter.
5. Upon and after the receipt of notice from the "Mortgagee" of the making of a secured loan, the Department will cause the disposition and any renewal or replacement thereof from time to time to be endorsed as to the interest of the "Mortgagee" until such times as notice of repayment of such loan is received from the "Mortgagee" or in the case of lease, until such lease is surrendered by virtue of notice from the "Mortgagee" given pursuant to the Conditional Surrender of Lease.
6. The Department will not consent to any assignment or transfer of the disposition or any renewal or replacement thereof without the consent of the "Mortgagee" as long as the secured loan remains outstanding.
7. The Department will cause the "Mortgagee" to be notified of any delinquency in payment of rental, fees, or taxes, or any non-performance on the part of the Mortgagor which would jeopardize the continuance of the disposition or its renewal and will advise the "Mortgagee" as to the corrective action required by the *Public Lands Act* and the regulations and the time within which such action must be taken.
8. The Department will cause the "Mortgagee" to be notified of any action contemplated by him which might adversely affect the privileges of the disposition so that the "Mortgagee" may have the opportunity of protecting its interest, and if the "Mortgagee" or the Mortgagor does not take the necessary action to rectify the Mortgagor's delinquency or breach of the regulations within the time prescribed by the Department, the disposition may be cancelled by the Department pursuant to the *Public Lands Act* and the regulations.
9. In the case of a lease, upon receipt of notice from the "Mortgagee" pursuant to a Conditional Surrender of Lease, accompanied by the Conditional Surrender of Lease, the Department will terminate the lease or any renewal or replacement thereof.
10. Where a disposition has been cancelled, the Department will issue a new disposition on the lands therein described to such person qualified under provincial regulations, where the person has been recommended by the "Mortgagee" within one year from the date of cancellation of the disposition provided however, that in such event the "Mortgagee" will be responsible to the Department for any loss in rent or taxes suffered by the Department by reason of such delay in the execution of such new disposition.
11. This Memorandum of Agreement shall remain in effect until terminated by three months' notice given by either party to the other and termination by such notice shall not apply to secured loans made prior to the effective date thereof.

Per:

Witness

The director, *Public Lands Act*

**AFFIDAVIT OF EXECUTION**

**CANADA**  I,

Name of Witness

**PROVINCE** **OF** **ALBERTA**

of the

**TO** **WIT:**

in the Province of Alberta, make oath and say:

1. THAT I was personally present and did see

named in the within Instrument who is (are) personally known to me to be the person(s) named therein, duly sign and execute the same for the purpose named therein;

2. THAT the same was executed at the       of

in the Province of Alberta and that I am the subscribing witness thereto;

3. THAT I know the said       and

is (are) in my belief of the full age of eighteen years.

**SWORN** before me at

in the Province of Alberta,

this       day of 20      Signature of Witness

A Commissioner for Oaths in and for Alberta Printed or stamped name of Commissioner for Oaths

My appointment as Commissioner for Oaths terminates: