

**AMENDING AGREEMENT TO  
COVER POOL MONITOR AGREEMENT**

**THIS FIRST AMENDING AGREEMENT TO COVER POOL MONITOR AGREEMENT** (this “**Agreement**”) is made as of the 17<sup>th</sup> day of October, 2017.

**BY AND AMONG**

- (1) **BMO COVERED BOND GUARANTOR LIMITED PARTNERSHIP**, by its managing general partner **BMO COVERED BOND GP, INC.**, in its capacity as Guarantor;
- (2) **BANK OF MONTREAL**, in its capacities as Cash Manager and Issuer”;
- (3) **KPMG LLP**, in its capacity as Cover Pool Monitor; and
- (4) **COMPUTERSHARE TRUST COMPANY OF CANADA**, in its capacity as Bond Trustee.

**WHEREAS** the parties entered into an Cover Pool Monitor Agreement made as of September 30, 2013 (the “**Cover Pool Monitor Agreement**”);

**AND WHEREAS** the parties hereto have agreed to amend the Cover Pool Monitor Agreement pursuant to Section 16.1 and the terms of this Agreement;

**NOW THEREFORE IT IS HEREBY AGREED** that in consideration of the mutual covenants and agreements herein set forth, the parties agree as follows:

**ARTICLE 1 – AMENDMENTS**

**1.01** **Amendments**

(1) The following Section 2.1(e) shall be inserted following Section 2.1(d) of the Cover Pool Monitor Agreement:

(e) Notwithstanding anything to the contrary in this Section 2.1, if no new Loans have been added since the date the Sample used to prepare the last Annual Cover Pool Monitor report was selected, the Cover Pool Monitor shall be required to deliver an Annual Cover Pool Monitor report covering all Specified Procedures other than those set forth in Section 2.2.

(2) Section 2.2(b) of the Cover Pool Monitor Agreement is deleted in its entirety and is replaced with the following:

Loan Sample: From the system records, extraction files and original asset documents, including the Issuer’s and Servicer’s mortgage files in respect of the Covered Bond Portfolio (collectively, the “**Source Materials**”), the Cover Pool Monitor will select a sample of Loans and a sample of Substitution Assets (together the “**Sample**”). For all reports subsequent to the Cover Pool Monitor’s initial report with respect to the Program,

the Cover Pool Monitor may select the Sample only from Loans added since the date the Sample used to prepare the last Cover Pool Monitor Report was selected. The Sample's size must be sufficient to provide a 95% confidence level, with a tolerable deviation rate of 5% (an “**Industry Standard Sampling Size**”). The Cover Pool Monitor shall specify in its report the number of exceptions (which shall be determined on a procedure by procedure basis) permitted based on the size of the Sample selected. Where the number of exceptions for a particular procedure exceeds the number of exceptions permitted for the selected Sample size, the Cover Pool Monitor may increase the Sample size for that procedure subject to the required 95% confidence level and 5% tolerable deviation rate.

(3) Section 2.2(c)(ii) of the Cover Pool Monitor Agreement is deleted in its entirety and replaced with the following:

(ii) with reference to the Source Materials, the Cover Pool Monitor will (A) agree that the assets in the Sample meet the criteria specified in Sections 4.1.1, 4.1.2 and 4.1.3 of the CMHC Guide. In order to assess whether assets are Eligible Loans pursuant to Section 4.1.1 of the CMHC Guide, the Cover Pool Monitor must agree that the assets meet the criteria for Eligible Loans set out in Sections 4.2.1(a), b), (c), (d), (e), (g) and (j) of the CMHC Guide and report any exceptions, and (B) perform the specified procedures set forth in Schedule 1 hereto with respect to the Substitution Assets in the Sample by inspection of the data elements identified in Schedule 1 under the heading “Category”.

(4) Section 2.2(e) of the Cover Pool Monitor Agreement is deleted in its entirety and replaced with the following:

(e) Legal Opinion Sample: The Cover Pool Monitor shall select a sample of assets comprising Eligible Loans to be used by the Issuer’s legal counsel to agree that the assets meet the criteria for Eligible Loans set out in Sections 4.2.1 (f), (h) and (i) of the CMHC Guide. The random sample selected must be of an Industry Standard Sampling Size in accordance with Section 2.2(b) and may be the same as, a subset of, or a smaller or larger sample than the Sample determined in accordance with Section 2.2(b). For all reports subsequent to the initial Section 4.2.5 of the CMHC Guide opinion with respect to the Program, the Cover Pool Monitor may select the sample only from loans added since the sample used to prepare the last Section 4.2.5 of the CMHC Guide opinion was selected. The criteria for Eligible Loans set out in Sections 4.2.1 (f), (h), and (i) of the CMHC Guide are to be the subject of a legal opinion delivered contemporaneously with the report of the Cover Pool Monitor pursuant to Section 4.2.5 of the CMHC Guide.

(5) Section 2.4(a) of the Cover Pool Monitor Agreement is deleted in its entirety and replaced with the following:

(a) recalculate the results of the Asset Coverage Test, the level of overcollateralization pursuant to Section 4.3.8 of the CMHC Guide and/or the Amortization Test disclosed in the Selected Investor Report; and

(6) Section 3.5 of the Cover Pool Monitor Agreement is deleted in its entirety and is replaced with the following:

### **3.5 Ratings Information**

In accordance with Section 3.4 (Compliance with the Asset Coverage Test, the Amortization Test, the Pre-Maturity Test, the Valuation Calculation and the OC Valuation) of the Cash Management Agreement, the Cash Manager will provide the Cover Pool Monitor with (a) the ratings assigned to the unsecured, unsubordinated and unguaranteed debt obligations and, if applicable, the critical obligations rating, the derivative counterparty rating and the counterparty risk assessment, in each case, of the Issuer by each of the Rating Agencies, and (b) following the 2017 New Guide OC Valuation Implementation Date, the figures used by the Cash Manager for the items A and B described in Schedule 11 (OC Valuation) of the Guarantor Agreement in its calculation of the Level of Overcollateralization on the relevant Calculation Date.

(7) Schedule 1 to the Cover Pool Monitor Agreement is deleted in its entirety and is replaced with Schedule 1 set forth in Schedule A to this Agreement.

## **ARTICLE 2 – MISCELLANEOUS**

### **2.01 Further Assurances**

Each of the parties hereto will from time to time execute and deliver all such further documents and instruments and do all acts and things as any of the other parties may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

### **2.02 Other Amendments**

Except as expressly amended, modified and supplemented hereby, the provisions of the Cover Pool Monitor Agreement are and shall remain in full force and effect and shall be read with this Agreement, *mutatis mutandis*. Where the terms of this Agreement are inconsistent with the terms of the Cover Pool Monitor Agreement (prior to its amendment hereby), the terms of this Agreement shall govern to the extent of such inconsistency.

### **2.03 Governing Law**

This Agreement is governed by and will be construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein.

### **2.04 Interpretation**

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Cover Pool Monitor Agreement (prior to its amendment hereby).

**[SIGNATURE PAGE FOLLOWS]**

**IN WITNESS WHEREOF** the parties have caused this Agreement to be executed the day and year first before written above.

**BMO COVERED BOND GUARANTOR  
LIMITED PARTNERSHIP** by its general  
partner **BMO COVERED BOND GP, INC.**

Per: “Chris Hughes”  
Name: Chris Hughes  
Title: President and Secretary

**BANK OF MONTREAL**

Per: “Stephen Lobo”  
Name: Stephen Lobo  
Title: Senior Vice-President and  
Treasurer

**KPMG LLP**

Per: “Albert Leung”  
Name: Albert Leung  
Title: Partner

**COMPUTERSHARE TRUST COMPANY  
OF CANADA**

Per: “Morag Abraham”  
Name: Morag Abraham  
Title: Corporate Trust Officer

Per: “Stanley Kwan”  
Name: Stanley Kwan  
Title: Associate Trust Officer

**SCHEDULE A**  
**SCHEDULE 1**  
**CERTAIN SPECIFIED PROCEDURES**

<b>Eligible Loans</b>		
<b>Procedure Reference</b>	<b>Category</b>	<b>Specific Procedures</b>
1.	Name	<p>Agree the borrower(s)' first name (or initials) and surname (allowing for common abbreviations) with the following:</p> <ul style="list-style-type: none"> <li>a) Certificate of Title (COT) or Report on Title (ROT) or title search (sub search) printout from land title records, and</li> <li>b) Registered Mortgage document (or, if not on file, either the mortgage loan agreement or the mortgage application form)</li> </ul>
2.	Address	<p>Inspect that the property address confirmed to be in Canada and agree the municipal address or the legal description to the following (allowing for common abbreviations with exceptions for spelling granted only if misspelling could not result in identification of the wrong property or other errors):</p> <ul style="list-style-type: none"> <li>a) Certificate of Title (COT) or Report on Title (ROT) or title search (sub search) printout from land title records, and</li> <li>b) Valuation report, where commissioned</li> </ul> <p>Note: for new built or new constructions where postal code(s) are not defined yet, please refer to the legal description</p>
3.	Loan/Account number	Agree the loan/account number with the primary system of record

4.	Term	Agree the latest agreed term of the loan with the latest mortgage offer or account statement (or agree it is a HELOC)
5.	Interest rate	Agree the interest rate (or spread to index), interest rate type, interest rate index and interest rate with the most current loan document or account statement
6.	Amortization	Agree the remaining amortization as reported with the remaining amortization on the mortgage administration system as of cut-off date (or agree it is a HELOC)
7.	Amount advanced	Agree the total amount advanced to the latest offer/loan documents
8.	Mortgage balance	Agree the mortgage balance (and the limit in the case of a HELOC) on the mortgage administration extraction file with the balance on the mortgage loan processing system at the cut-off date
9.	Maturity date	Agree the maturity date of each mortgage on the primary system of record with the latest offer document or account statement, and that it is within a 30 day range (or agree it is a HELOC)
10.	Valuation amount	Agree the valuation amount in the extraction file is less than or equal to the amount from the latest valuation, based on the underwriting policy of the registered issuer or its Affiliate (if it is the regulated lender) that was valid at the valuation date. Where there is no valuation record, please ensure lack of valuation record is compliant with the issuer`s underwriting policy.
11.	Valuation date	Agree the valuation date in the extraction file with the date on the latest valuation report and check whether it is within one year of the closing date. Where there is no valuation record, please ensure lack of valuation record is compliant with the issuer`s underwriting policy.
12.	Repayment type	Agree the repayment type (amortizing/interest only etc.) with supporting documents (which can include mortgage loan offer document or system record)
13.	Property type	Agree the property type (single-family detached, condominium, multi-residential or other) with the valuation record, land registry records or report on title
14.	Flag	Inspect that the mortgage loan in the primary system of record (or primary medium where loans are being flagged) has a flag to indicate it is used solely for the purpose of the covered bond pool
15.	Credit Bureau Score	Agree the credit score with the score information reflected on the issuer's records for updated credit scores

16.	Employment & Income Verification	Agree there is evidence that the issuer has carried out income verification in accordance with the issuer`s underwriting policy, to the extent that income verification is required under issuer`s underwriting policy. Where evidence of income is unavailable, agree (a) that income verification was not required by the issuer`s underwriting policy in effect at the time of loan origination and (b) that such underwriting policy has been disclosed to investors in each Public Offering Document or, in the case of a private placement, offering memorandum or similar disclosure document prepared in connection with the issuance of a series or tranche of covered bonds under the registered covered bond program following its registration.
17.	Title	Inspect that there is evidence of title or title insurance
<b>Substitute Assets</b>		
18.	CUSIP	Agree the CUSIP recorded with the primary system of record
19.	Maturity Date	Agree the maturity date recorded with the primary system of record
20.	Face Value	Agree the face value recorded with the primary system of record
21.	Coupon	Agree the coupon recorded with the primary system of record