

**THIRD SUPPLEMENT DATED 10 SEPTEMBER 2014 TO THE PROSPECTUS
DATED 22 APRIL 2014 AS SUPPLEMENTED BY THE FIRST SUPPLEMENT DATED
6 JUNE 2014 AND THE SECOND SUPPLEMENT DATED 10 JUNE 2014**



BANK OF MONTREAL

(a Canadian chartered Bank)

U.S.\$10,000,000,000

Global Registered Covered Bond Program

unconditionally and irrevocably guaranteed as to payments of interest and principal by

BMO COVERED BOND GUARANTOR LIMITED PARTNERSHIP

(a limited partnership established under the laws of the Province of Ontario)

The Bank of Montreal (the “**Bank**”) issued a Prospectus dated 22 April 2014 (as supplemented by the First Supplement to such Prospectus dated 6 June 2014 and the Second Supplement to such Prospectus dated 10 June 2014) (the “**Prospectus**”) which is a base prospectus for the purposes of Article 5.4 of the Prospectus Directive (2003/71/EC) as amended (which includes the amendments made by Directive 2010/73/EU) (the “**Prospectus Directive**”). This third supplement (the “**Third Supplement**”) constitutes a supplement in respect of the Prospectus for the purposes of the Prospectus Directive and Section 87G of the Financial Services and Markets Act 2000 (U.K.) (“**FSMA**”), and is prepared in connection with the U.S.\$10,000,000,000 Global Registered Covered Bond Program established by the Bank (the “**Program**”) unconditionally and irrevocably guaranteed as to payments of interest and principal by BMO Covered Bond Guarantor Limited Partnership (the “**Guarantor**”).

Terms defined in the Prospectus have the same meaning when used in this Third Supplement. This Third Supplement is supplemental to, and shall be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Bank from time to time.

Each of the Bank and the Guarantor accepts responsibility for the information contained in this Third Supplement. To the best of the knowledge of each of the Bank and the Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in this Third Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY CANADA MORTGAGE AND HOUSING CORPORATION (“CMHC”) NOR HAS CMHC PASSED UPON THE ACCURACY OR ADEQUACY OF THE PROSPECTUS OR THIS THIRD SUPPLEMENT. THE COVERED BONDS ARE NEITHER INSURED NOR GUARANTEED BY CMHC OR THE GOVERNMENT OF CANADA OR ANY OTHER AGENCY THEREOF.

1. Purpose of the Third Supplement

The purpose of this Third Supplement is to supplement the Prospectus in order to (i) correct a material inaccuracy with respect to the definition of Latest Valuation and (ii) clarify the applicability of the new disclosure requirements provided for in the CMHC Guide with

respect to choice of indexation methodology applicable from and after 1 July 2014 and to discuss the risks associated with the application of such indexation methodology.

2. Correction to the definition of Latest Valuation

The definition of “Latest Valuation” as set forth in the Prospectus shall be corrected to include the concept that, commencing July 1, 2014, it may be adjusted to account for price adjustments based upon the Indexation Methodology. Thusly, in the glossary of the Prospectus, the definition of “Latest Valuation” shall be deleted in its entirety and replaced with the following (which adds the proviso at the end of the definition):

Latest Valuation.....	In relation to any Property, the value given to that Property by the most recent Valuation Report addressed to the Seller or, as applicable, an Originator, or, if the LTV ratio of such Loan was less than 60%, the purchase price of that Property or current property tax assessment, as applicable; provided that, commencing 1 July 2014, such value shall be adjusted at least quarterly to account for subsequent price adjustments using the Indexation Methodology.
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3. Clarification of the applicability of the new disclosure requirements provided for in the CMHC Guide with respect to choice of indexation methodology and to discuss the risks associated with the application of such indexation methodology

A. In order to comply with new regulations imposed by the CMHC, the Prospectus shall be clarified to include disclosure related to the Indexation Methodology used for the purposes of the Asset Coverage Test, the Amortization Test and the Valuation Calculation. Specifically, in the subsection entitled “*Risk Factors – Risks relating to the Portfolio*”, the risk factor entitled “*The Asset Coverage Test, Amortization Test, Valuation Calculation and Pre-Maturity Test may not ensure that adequate funds will be available to satisfy the Guarantor’s obligations in full*” shall be clarified by inserting the following six paragraphs as the second to seventh paragraphs of such risk factor:

“The Properties subject to the Related Security for Loans in the Portfolio do not undergo periodic valuations and prior to 1 July 2014 were not required to be indexed to account for subsequent market developments. Valuations are obtained when a Loan is originated, but generally not subsequent to origination.

Starting 1 July 2014, the Guarantor will employ an indexation methodology that meets the requirements provided for in the CMHC Guide to determine indexed valuations for Properties relating to the Loans in the Portfolio (which methodology may be changed from time to time and will, at any time, be disclosed in the then-current Investor Report and each future Investor Report for periods from and after 1 July 2014, the “**Indexation Methodology**”) for purposes of the Asset Coverage Test, the Amortization Test and the Valuation Calculation as set forth in the Guarantor Agreement, and for all other purposes as required by the CMHC Guide. Any update or other change to the Indexation Methodology must comply with the requirements of the CMHC Guide and will (i) require notice to CMHC and satisfaction of any other conditions specified by CMHC in relation thereto, (ii) if such update or other change constitutes a material amendment thereto, require satisfaction of the Rating Agency

Condition, and (iii) if such update or other change is materially prejudicial to the Covered Bondholders, require the consent of the Bond Trustee.

Initially, the Indexation Methodology to be employed by the Guarantor will be based on (i) with respect to Properties located within the cities of Vancouver, Victoria, Calgary, Edmonton, Winnipeg, Ottawa-Gatineau, Hamilton, Toronto, Montreal, Quebec City and Halifax, data provided by Teranet through its House Price Index™ (the “**House Price Index**”), and (ii) for Properties located in all other areas of Canada, a property value that is adjusted using the Teranet – National Bank Composite 11 House Price Index™ (the “**Composite 11 House Price Index**”) which is calculated as a weighted average of the data for the eleven cities included in the House Price Index.

The data derived by the House Price Index is based on a repeat sales method, which measures the change in price of certain residential properties within the related area based on at least two sales of each such property over time. Such price change data is then used to formulate the House Price Index for the related area. Details of the House Price Index and the Composite 11 House Price Index may be found at www.housepriceindex.ca.

The indexation methodology employed by the Bank will index the Properties relating to the Loans in the Portfolio to reflect the latest valuation of such Properties.

Certain risks are associated with the use of composite indices and statistics including the House Price Index and the Composite 11 House Price Index, such as (i) the data provided with respect to larger geographical areas could mask localized price fluctuations, and (ii) data on the growth rate for each type of dwelling is not available because the data provided combines all dwelling types and, therefore, the data provided may not reflect price fluctuations for the different types of dwellings. Accordingly, no assurance can be given that the valuation of the Properties in the Portfolio using the Indexation Methodology will result in an accurate determination of the actual realizable value of a particular Property or of the Portfolio as a whole. The Bank can give no assurance as to the accuracy of the information provided by the House Price Index or the Composite 11 House Price Index.”

B. Because the term “Indexation Methodology” was modified to comply with the new CMHC requirements in the risk factor in the Prospectus as described in subsection 3.A above,, the definition of “Indexation Methodology” shall be deleted in its entirety and replaced with the following:

Indexation Methodology.....	The meaning given in the risk factor entitled “The Asset Coverage Test, Amortization Test, Valuation Calculation and Pre-Maturity Test may not ensure that adequate funds will be available to satisfy the Guarantor’s obligations in full” found in the subsection entitled “Risks relating to the Portfolio”.
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4. General Information

To the extent that there is any inconsistency between (a) any statement in this Third Supplement or any statement incorporated by reference into the Prospectus by way of this

Third Supplement and (b) any other statement in, or incorporated by reference in, the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Third Supplement, no significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of Covered Bonds issued under the Program has arisen or been noted, as the case may be, since the publication of the Prospectus.

Copies of this Third Supplement, the Prospectus and the documents incorporated by reference in either this Third Supplement or the Prospectus can be (i) viewed on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html under the name of the Bank and the headline “Publication of Prospectus”, (ii) viewed on the website of the National Storage Mechanism at www.morningstar.co.uk/uk/NSM and (iii) obtained on written request and without charge from (a) the principal executive offices of the Bank from the Corporate Secretary’s Office, 100 King Street West, 1 First Canadian Place, 68th Floor, Toronto, Ontario, Canada M5X 1A1, and (b) from the offices of the Issuing and Paying Agent, The Bank of New York Mellon, London Branch, One Canada Square, 48th Floor, London E14 4AL so long as any of the Covered Bonds issued under the Prospectus and listed on the London Stock Exchange’s Regulated Market are outstanding.