

General Security Terms And Conditions

1. GENERAL SECURITY INTEREST

As general and continuing security for the payment and performance of all obligations and the payment of all debts and liabilities, or indebtedness of the Member to the Credit Union, whether present or future, direct or indirect, absolute or contingent, matured or not, whether liquidated or un-liquidated, as principal or as surety, alone or with others, of whatsoever nature or kind, in any currency or otherwise, whether incurred before, at the time of, or after the execution of this Agreement, including without restricting the generality of the foregoing:

- a. all obligations of the Member to the Credit Union for advances by the Credit Union to the Member under fixed or revolving credits established from time to time,
- b. any liability of the Member to the Credit Union for present or future letters of credit or guarantees given by the Credit Union in respect of the Member or any other person for whom the Member is liable to the Credit Union as surety or otherwise, whether or not drawn upon, issued or given by the Credit Union for the direct or indirect benefit of the Member,
- c. all debts remaining unpaid by the Member to the Credit Union in any currency, whether arising from dealings between the Credit Union and the Member or from other dealings or proceedings by which the Credit Union may be or become in any manner whatever a Credit Union of the Member and wherever incurred and whether incurred by the Member alone or with another or others and whether as principal or surety, including all interest, commissions, legal and other costs, charges and expenses,
- d. any other contractual liability or obligation of the Member to the Credit Union for the obligations, indebtedness and liabilities of the Member.

The obligations, indebtedness and liabilities of the Member referred to above are hereinafter collectively called "**Obligations**")

2. For greater certainty, the Security Interest (as defined below) shall be deemed to secure the payment of all Interest, compound interest, costs of seizure, realization costs, and legal, receivership and consulting fees relating to collection and realization under this Agreement, all levies, taxes, utility charges and liens that must be paid, satisfied or otherwise discharged in order to seize or realize the assets charged under this Agreement, and all other costs, fees and amounts payable by the Member under the terms of this Agreement (and any renewal or extension thereof).

3. **IN CONSIDERATION OF THE OBLIGATIONS**, the Member hereby grants, bargains, assigns and transfers to the Credit Union a fixed and specific mortgage and charge, as and by way of a continuing security interest (hereinafter together with any other security interest hereby created called the ("**Security Interest**") in the following property described in sub-paragraphs (a), (b), (c) and (d) of this paragraph now or hereafter owned or acquired by or on behalf of the Member:

- a. **INTANGIBLES** - all intangible property and not included in paragraph 12 below including, without limitation, all contractual rights including conditional sales agreements, lease purchase agreements and the like, and insurance claims, patents, trademarks, trade names, goodwill, copyrights and other industrial property of the undersigned (all of which property is hereinafter collectively called "**Intangibles**");
- b. **PROCEEDS** - all of the Member's property in any form derived directly or indirectly from any use or dealing with the Collateral (defined in the last sentence of this paragraph) or that indemnifies or compensates for Collateral destroyed or damaged (all of which property is hereinafter collectively called "**Proceeds**");
- c. **BOOKS & RECORDS** - all of the Member's deeds, documents, writings, papers, books of account and other books relating to

or being records of debts, chattel paper or documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;

- d. **EQUIPMENT** - all tools, machinery, equipment, furniture, plants, fixtures, and other tangible personal property, vehicles, rolling stock and fixed goods and chattels other than Inventory (as defined below), and any other property or assets of the kind, nature or description of the property or assets particularly described in Schedule "A" attached hereto (all of which property is hereinafter collectively called "**Equipment**");

and for the same consideration the Member hereby grants, bargains and transfers to the Credit Union a first, floating charge, as and by way of a continuing security interest, over:

- e. **INVENTORY** - all goods and chattels now or hereafter forming the inventory of the Member, of whatever kind and wherever located, including, without limitation, all goods, merchandise, raw material, work in process, finished goods and chattels held for sale, lease or resale, or furnished or to be furnished under contracts for service or used or consumed in the business of the Member, goods used in or procured for packing or packaging, timber cut or to be cut, oil, gas and minerals extracted or to be extracted, all livestock and the young thereof after conception and all crops which become such within one year after the date of execution of this Agreement (all of which goods and chattels are hereinafter collectively called "**Inventory**");
- f. **REAL ESTATE** - all real and immovable property, both freehold and leasehold, now or hereafter owned or acquired by the Member, together with all buildings, erections, improvements and fixtures situate thereupon or used in connection therewith, including any lease, verbal or written or any agreement therefore, (all of which property is hereinafter collectively called "**Real Estate**") provided, however, the last day of any term of any such lease, verbal or written, or any agreement therefore now held or hereafter held by the Member is excepted out of the Real Estate charged by this Agreement, but should such charge become enforceable the Member shall thereafter stand possessed of any such reversion upon trust to assign and dispose thereof as the Credit Union may direct; and
- g. **OTHER PROPERTY** - the undertaking and all other property and assets of the Member for the time being of whatsoever nature and kind both present and future including without limiting the generality of the foregoing, uncalled capital monies, rights, franchises, negotiable and non-negotiable instrument, judgments and securities (all of which are hereinafter collectively called "**Other Property**"), other than that which is at any and all times validly subject to the first, fixed and specific mortgage and charge hereby created or subject to the assignment set forth in paragraph 12.

All of the above mentioned property together with the Assignment in paragraph 12 is hereinafter called the "**Collateral**".

4. LOCATION OF PROPERTY

The Member confirms and warrants that the Collateral will be kept at the address immediately preceding the Schedule "A" hereto or, if left blank at the address shown below the Member's signature to this Agreement, and, subject to the provisions of paragraph 6, the Member will not remove any of the Collateral from said location without the prior written consent of the Credit Union.

5. REPRESENTATIONS, WARRANTIES & COVENANTS

The Member hereby represents, warrants or covenants to or with the Credit Union, as the case may be, that:

- a. the Member will reimburse the Credit Union for all costs and

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expenses (including legal fees and disbursements on a substantial indemnity basis) incurred by it in the preparation, execution and filing of this Agreement and the taking, recovering or possessing the Collateral and in any other proceedings taken for the purpose of protecting or enforcing the remedies provided herein, or otherwise in relation to the Collateral or by reason of non-payment of the Obligations and all such costs and expenses shall bear interest at the highest rate borne by any of the Obligations and shall be payable on demand;

- b. except for the Security Interest the Member is, or respecting the Collateral acquired after the date hereof will be, the owner of the Collateral free from any mortgage, lien, charge, security interest or encumbrance and the Member will keep the Collateral free and clear of all taxes, assessments, liens and encumbrances;
- c. the Member will deliver to the Credit Union within three (3) months next after the end of each of the Member's fiscal years, audited or accountant prepared financial statements of the Member, and, if the Member is a corporation, will furnish annually to the Credit Union the information which is required to be furnished to the shareholders of a corporation under applicable law;
- d. the Member will care for, protect and preserve the Collateral and not permit its value to be impaired and, subject to paragraph 6, will not sell, transfer, assign, mortgage, charge, pledge, hypothecate or deliver or otherwise dispose of any such property or any interest therein without the prior written consent of the Credit Union;
- e. the Member will keep the Collateral insured under policies with such provisions, for such amounts and by such insurers satisfactory to the Credit Union from time to time, and will maintain such insurance with loss, if any, payable to the Credit Union and will lodge such policies with the Credit Union;
- f. the Credit Union shall be entitled from time to time and at any time to inspect the Collateral wherever located and to make inquiries and tests concerning the Collateral, and the Member will defray all expenses in connection therewith; and
- g. this Agreement has been properly authorized and constitutes a legally valid and binding obligation of the Member in accordance with its terms.

6. USE OF SPECIFICALLY CHARGED PROPERTY DEALING WITH INVENTORY, REAL ESTATE OR OTHER PROPERTY

Unless the Member is in default, the floating Charge created by this Agreement shall not hinder or prevent the Member:

- i. from selling, assigning, otherwise disposing of or dealing with any part of the Collateral included in the Floating Charge to the extent and for the purpose of carrying on the ordinary business of the Member; or
- ii. from encumbering Collateral acquired by the Member after the date of this Security Interest by a Charge in priority to the floating Charge hereby created where that Charge is created in order to secure the repayment of funds borrowed to meet in whole or in part the purchase price of that asset.

7. EVENTS OF DEFAULT

Obligations not payable on demand shall become immediately payable upon the occurrence of one or more of the following events of default:

- a. the Member fails to pay when due any of the Obligations, or to perform or rectify a breach of any of the representations or warranties or covenants of this Agreement or any other agreement between the Member and the Credit Union including any accepted offer to finance or loan agreement;
- b. the Member ceases or threatens to cease to carry on business,

becomes insolvent or the subject of bankruptcy or insolvency proceedings;

- c. any warranty or representation made to induce the Credit Union to extend credit to the Member, under this Agreement or otherwise, is false in any material respect when made;
- d. an encumbrancer takes possession of any of the Collateral or any process of execution is levied or enforced upon or against any of the Collateral;
- e. indebtedness or liability of the Member other than to the Credit Union becomes due and payable, or capable of being declared due and payable, before the stated maturity thereof or any such indebtedness or liability shall not be paid at the maturity thereof or upon the expiration of any stated applicable grace period thereof or any guarantee given by the Member is not honoured when due and called upon;
 - a. a declaration of in-competency of the Member by a court;
 - b. if the Member is a partnership, the death of a partner; or
 - c. if the Member is an individual, the death of the Member;
 - d. any other event which causes the Credit Union, in good faith, to deem itself insecure;

and the Credit Union shall have all rights and remedies under applicable law as well as any other rights and remedies provided by this Agreement.

8. ADDITIONAL POWERS UPON DEFAULT

In addition to the rights and powers provided in paragraphs 7 and 10 and under the Personal Property Security Act, the Credit Union and the Receiver, as defined in paragraph 10, shall have the following rights and powers if the security hereby constituted becomes enforceable:

- a. to dispose of any of the Collateral in the condition in which it was at the date possession of it was taken, or after any commercially reasonable repair, processing or preparation thereof for disposition;
- b. if any part of the Collateral is perishable or will decline speedily in value, to sell or otherwise dispose of same without giving any notice whatever; and
- c. to demand, sue for and receive any Book Debts with or without notice to the Member, give effectual receipts and discharges therefore, compromise any Book Debts which may seem bad or doubtful to the Credit Union and give time for payment thereof with or without security;

and the Member shall from time to time forthwith on the Credit Union's request execute, do and make all such agreements, statements, further assignments, acts, matters and things which may from time to time in the opinion of the Credit Union be necessary or expedient for the purpose of carrying into effect any of the provisions hereof and of perfecting the title of the Credit Union in the Collateral, and the Credit Union and any of its managers or acting managers are by the Member hereby irrevocably constituted and appointed the true and lawful attorney of the Member with full power of substitution for the Credit Union at its option whenever and wherever it may deem necessary or expedient to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Member.

9. WAIVER BY THE CREDIT UNION

Any breach of the Member of any of the provisions contained in this Agreement or any other agreement between the Member and the Credit Union including any loan agreement or accepted offer to finance or any default by the Member in the observance or performance of any covenant or condition required to be observed or performed by the Member hereunder may only be waived by the Credit Union in writing,

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provided that no such waiver by the Credit Union shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

10. APPOINTMENT OF RECEIVER AND MANAGER

The Credit Union may appoint in writing any person, whether an employee or employees of the Credit Union or not, to be a receiver or a receiver and manager ("**Receiver**") of the Collateral or any part or parts thereof. A Receiver so appointed shall have power:

- to take possession of, collect and get in the Collateral, or any part thereof and for that purpose to take any proceedings in the name of the Member or otherwise;
- to carry on or concur in carrying on the business of the Member and for that purpose to raise money on the Collateral in priority to this Agreement or otherwise;
- to sell or concur in selling any of the Collateral; and
- to make any arrangements or compromise which the Receiver shall think expedient in the interest of the Credit Union.

Any Receiver so appointed shall be deemed to be the agent of the Member, and the Member shall be solely responsible for the Receiver's acts or defaults and for the Receiver's remuneration and expenses, and the Credit Union shall not be in any way responsible for any misconduct or negligence on the part of the Receiver. All monies received by the Receiver after providing for payment of all costs, charges and expenses of or incidental to the exercise of any of the powers of the Receiver shall be applied in or towards satisfaction of the Security Interest. The rights and powers conferred by this paragraph are in supplement of and not in substitution for any rights the Credit Union may have from time to time.

11. PERISHABLE COLLATERAL

Except to the extent that the Credit Union believes on reasonable grounds that any part of the Collateral is perishable or will decline speedily in value, the Member shall be entitled to not less than fifteen (15) days' notice in writing of the date, time and place or any intended disposition of the Collateral, such notice to be sent by registered mail to the last known post office address of the Member.

12. GENERAL ASSIGNMENT OF BOOK DEBTS

And the Member for good and valuable consideration assigns, transfers, and sets over unto the Credit Union all debts, accounts, choses in action, claims, demands, and monies now due or which may hereafter become due or owing to the Credit Union, including (without limiting the foregoing) claims against the Crown in the right of Canada or of any province, monies which may become payable under any policy of insurance in respect of any loss by fire or other cause which has been or may be incurred by the Member (collectively called "**Book Debts**"), together with all contracts, securities, bills, notes, lien notes, judgments, chattel mortgages, mortgages and all other rights, benefits and documents now or hereafter taken, vested in or held by the Member in respect of or as security for the Book Debts hereby assigned or intended so to be or any part thereof and the full benefit and advantage thereof, and all rights of action, claim, or demand which the Member now has or may at any time hereafter have against any person or persons, firm or corporation in respect thereof. The Member further hereby covenants, promises and agrees to and with the Credit Union to well and truly execute or cause to be executed all or any such further or other document or documents as shall or may be required by the Credit Union to more completely or fully vest in the Credit Union the Book Debts hereby assigned or intended so to be and the right to receive the said monies or to enable the Credit Union to recover same and will from time to time prepare and deliver to the Credit Union all deeds, books, vouchers, promissory notes, bills of exchange, accounts, letters, invoices, papers, and all other documents in any way relating to the Book Debts. Provided that this assignment is

and shall be a continuing collateral security to the Credit Union for the Obligations. All money or any other form of payment received by the Member in payment of any Book Debts shall be received and held by the Member in trust for the Credit Union.

13. APPROPRIATION

The Credit Union shall have the right at any time to appropriate any payment made to any portion of the Obligations and to revoke or alter any such appropriation.

14. DEALING WITH SECURITY INTEREST

The Credit Union may grant extensions of time and other indulgences, take and give up any of the Security Interest, accept compositions, grant releases and discharges thereof and otherwise deal with the Member, sureties and others and with any of the Security Interest as the Credit Union may see fit without prejudice to the liability of the Member or the Credit Union's right to hold and realize any of the Security Interest. The Credit Union shall not be accountable to the Member for the value of any of the Security Interest released except for any monies actually received by the Member.

15. EXECUTION

If more than one person executes this Agreement, the term "Member" shall include each as well as all of them, any and all of their obligations hereunder shall be joint and several and these presents and such obligations shall continue in full force and effect and apply notwithstanding any change for any cause or in any manner whatsoever in the composition of or membership of any firm or company which is a party hereto.

16. TERM

This Agreement shall be a continuing agreement in every respect for the payment of the Obligations and it shall remain in full force and effect until all of the Obligations shall be paid in full. In the event any provisions of this Agreement shall be deemed invalid or void by any court of competent jurisdiction, the remaining terms and provisions of this Agreement shall remain in full force and effect.

17. NON-SUBSTITUTION

This Security Interest is in addition to and not in substitution for any other security now or hereafter held by the Credit Union.

18. ACKNOWLEDGEMENT

The Member acknowledges receipt of a copy of this Agreement.