

**BUSINESS LOAN**

**GENERAL SECURITY AGREEMENT**

To: FIRSTONTARIO CREDIT UNION LIMITED (hereinafter called “Credit Union”)

I/WE………………………………………………………………………………………………

(Hereinafter called the “Assignor”)

hereby mortgages, charges and assigns to the Credit Union, as a general and continuing collateral security for payment of all existing and future indebtedness and liability of the Assignor and wheresoever and howsoever incurred and any ultimate unpaid balance thereof, all property of the kinds described in paragraph 2 below of which the Assignor is now or may hereafter become the owner.

**1. DEFINITIONS**

In this Agreement,

(a) “PPSA” means the Personal Property Security Act (Ontario), and any Act that may be substituted therefor, as from time to time amended.

(b) “Receivables” means all debts, accounts, claims, moneys and chooses in action now due or hereafter to become due or owing to the Assignor, or any one of them.

(c) “Inventory” means all goods now or hereafter forming part of the inventory of the Assignor or any one or more of them, including, without limiting the generality of the foregoing, goods held for sale or lease; goods furnished or to be furnished under contracts of service; goods which are raw materials or work in progress; goods used in or procured for packing; materials used or consumed in the business of the Assignor; emblements; growing crops that become such within one year after the execution of this agreement; timber to be cut; oil, gas and other minerals to be extracted; and goods described in paragraph 9 below.

(d) “Equipment” means all goods, exclusive of inventory or consumer goods, now or hereafter owned by the Assignor or any one or more them, which are used or are intended for use in or about the business conducted by the Assignor or in the places referred to in paragraph 8 and including, without limiting the generality of the foregoing, machinery; fixtures; furniture; plant; vehicles of any sort or description; the property described in paragraph 10 below; and all accessories installed in or affixed, attached or appertaining to any of the foregoing.

(e) “Documents of Title” shall have the meaning ascribed to it in the PPSA and shall include, without limiting the generality of the foregoing, all warehouse receipts and bills of lading whether negotiable or not.

(f) “Chattel Paper”, “goods” and “instrument” shall have the meanings respectively ascribed to them in the PPSA.

**2. SECURITY INTEREST**

As security for the payment and performance of all existing and future liabilities and indebtedness of the Assignor, or any one or more of them, to the Credit Union, howsoever arising, the Assignor hereby grants to the Credit Union a continuing security interest in the present and after acquired business undertaking of the Assignor and in all property of the following kinds now owned or hereafter acquired by the Assignor or by any one or more of them:

(a) Inventory;

(b) Equipment;

(c) Receivables;

(d) Chattel Paper;

(e) Documents of Title;

(f) All books and papers recording, evidencing or relating to the Receivables, Chattel Paper or Documents of Title, and all securities, bill, notes, instruments or other documents now or hereafter held by or on behalf of the Assignor or any one or more of them with respect to the said Receivables, Chattel Paper or Documents of Title;

(g) All shares, stock, warrants, bonds, debentures, debenture stock or other securities including, without limiting the generality of the foregoing, the securities listed in paragraph 11 hereof, together with renewals thereof, substitutions therefor, accretions thereto and all rights and claims in respect thereof:

(h) All proceeds and products of any or all the foregoing, including any compensation for Collateral damaged, expropriated, stolen or destroyed. The above named property, whether now owned or hereafter acquired, shall hereinafter be called the “Collateral”.

**3. WARRANTIES AND COVENANTS**

(a) Except for the security interest granted hereby the Assignor or any one or more of them is (and as to collateral to be acquired after the date hereby, shall be) the owner of the Collateral free and clear of all liens, charges, claims, encumbrances, taxes or assessments.

(b) The Assignor will not sell, offer to sell, transfer, or otherwise dispose of, pledge or mortgage the Collateral (other then Inventory which may be sold, leased, or otherwise disposed of in the ordinary course of Assignor’s business), nor will the Assignor suffer to exist any other security interest in the Collateral in favour of any person other than the Credit Union without the prior written consent of the Credit Union. All proceeds of the Collateral whether or not arising in the ordinary course of Assignor’s business, shall be received as trustee for the Credit Union and shall be forthwith paid over to the Credit Union.

(c) The Assignor shall, during the currency of this Agreement, insure and keep insured the Collateral to its full insurable value for fire, theft and such other risks as the Credit Union my reasonably require, and will, at the request of the Credit Union, pay such further premium as is necessary to obtain an endorsement that the security interest of the Credit Union will not be invalidated by any breach of statutory condition. The proceeds in any insurance held pursuant to this paragraph shall be payable to the Credit Union and any proceeds of such insurance shall, at the option of the Credit Union, be applied to the replacement of the Collateral or towards repayment of any indebtedness of the Assignor or any one or more of them to the Credit Union. Should the Assignor neglect to maintain such insurance, the Credit Union may insure, and any premiums paid by the Credit Union together with interest thereon shall be payable by the Assignor to the Credit Union upon demand. The Assignor will deposit a certified copy of such insurance with the Credit Union on request, or obtain an insurance endorsement in favour of the Credit Union. Assignor will promptly give the Credit Union written notice of any loss or damage to all or any part of the Collateral.

(d) The Assignor shall provide from time to time upon request from the Credit Union, written information relating to the Collateral or any part thereof, and the Assignor’s financial or business affairs, and the Credit Union shall be entitled from time to time to inspect the tangible Collateral including, without limitation, the books and records referred to in paragraph 2(f) above wherever located and however stored. For such purpose the Credit Union shall have access to all places where the Collateral or any part thereof is located, and to all premises occupied by the Assignor, and to all mechanical or electronic, equipment devices and processes where any of them may be stored or from which any of them may be retrieved.

(e) The Assignor is in compliance with all Environmental Laws in respect of the operation of its business and/or its assets (including the Collateral), has obtained all permits necessary under Environmental Laws (“Permits”) to operate its business and own its assets, and has not received any notice of non-compliance with any Environmental Laws or Permits. The Assignor will continue to conduct its business and own and operate its assets in compliance with all Environmental Laws and Permits for the term of this agreement. The Assignor will immediately advise the Credit Union of: (i) any environmental issues that arise in respect of its business or assets that result in or may lead to non-compliance with Environmental Laws or Permits; and, (ii) any notice of non-compliance with Environmental Laws or Permits that it may receive, including any stop orders or orders for remediation or preventative steps. For the purposes of this agreement, “Environmental Laws” shall mean the Environmental Protection Act, R.S.O. 1990, c.E.19 and the Canadian Environmental Protection Act, R.S.C. 1985, c.16 or any successor legislation or any other applicable federal, provincial or local environmental, health or safety law, rules or regulations imposing liability or standards in connection with hazardous, toxic or dangerous waste, substance, materials, smoke, gas or particular matter.

**4. EVENTS OF DEFAULT**

Any or all of the liabilities or indebtedness of the Assignor or any one or more of them to the Credit Union shall, at the option of the Credit Union and notwithstanding any time or credit allowed by any instrument evidencing a liability, be immediately due and payable without notice or demand upon the occurrence of any of the following events (hereinafter referred to as “Event(s) of Default”):

(a) Default in the payment or performance when due or payable of any liability of the Assignor of any one or more of them, or of any endorser, guarantor

or surety for any liability of the Assignor or any one or more of them to the Credit Union;

(b) Default by the Assignor of any obligation or covenant contained herein, or in any other agreement or document existing at any time between the Credit Union and Assignor or any of them;

(c) Any warranty, representation or statement made by the Assignor or furnished to the Credit Union herein, or in the application for any loan, was untrue in any material respect when made or furnished;

(d) Any loss, theft, damage or destruction of Collateral or of any part of it, or the making of any levy, seizure or attachment thereto or the appointment of a receiver of any part thereof;

(e) If the Credit Union should at any time deem itself insecure, bearing in mind the extent of the liabilities secured hereby, the value of the Collateral and any other relevant considerations;

(f) The death, dissolution, termination of existence, insolvency, business failure, or commencement of any proceedings under the Bankruptcy and Insolvency Act affecting the Assignor or any one or more of them;

(g) The Assignor ceases or threatens to cease to carry on in the normal course the Assignor’s business or any material part of such business;

(h) Change of effective control of the Assignor, if a corporation;

**5. REMEDIES**

Upon any Event of Default and at any time thereafter the Credit Union, at its option may declare that all indebtedness and obligations secured by this agreement shall immediately become due and payable, and:

(a) the Credit Union shall have all rights and remedies of a secured party under the PPSA;

(b) the Credit Union shall be constituted to appoint in writing any person to be a receiver (which term shall include a receiver and manager) of the Collateral, including any rents and profits thereof, and may remove any receiver and appoint another in his stead. Such receiver so appointed shall have power to take possession of the Collateral and to carry on or concur in carrying on the business of the Assignor, and to sell or concur in selling the Collateral or any part thereof. Any such receiver shall (for purposes relating to responsibility for the receiver’s acts or omissions) be deemed to be the agent of the Assignor. The Credit Union may from time to time fix the remuneration of such receiver. All moneys from time to time received by such receiver shall be paid by him first in discharge of all rents, taxes, rates, insurance premiums and outgoings affecting the Collateral, secondly in payment of his remuneration as received, thirdly in keeping in good standing any liens and charges on the Collateral prior to the security constituted by this Agreement, and fourthly in or toward payment of such parts of the indebtedness and liability of the Assignor to the Credit Union as to the Credit Union seems best, and any residue of such moneys so received shall be accounted for as required by law. The Credit Union in appointing or refraining from appointing such receiver shall not incur any liability to the receiver, the Assignor or otherwise;

(c) the Credit Union may collect, realize, sell or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions at such time or times, and without notice to the Assignor, as may seem to it advisable. The Credit Union shall not be liable or accountable for any failure to collect, realize, sell or obtain payment of the Collateral or any part thereof, and shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any rights of the Credit Union, the Assignor or any other person, firm or corporation in respect of the same. All moneys collected or received by the Assignor in respect of the Collateral shall be received as trustee for the Credit Union and shall be forthwith paid over to the Credit Union. All moneys collected or received by the Credit Union in respect of the Receivables or other Collateral may be applied on account of such parts of the indebtedness and liability of the Assignor as to the Credit Union seems best or, in the discretion of the Credit Union, may be released to the Assignor, all without prejudice to the liability of the Assignor or the Credit Union’s right to hold and realize this security;

(d) The Assignor(s) will remain liable to the Credit Union for payment of any and all indebtedness following realization of all or any part of the Collateral.

**6. CHARGES AND EXPENSES**

The Credit Union may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (expressly including advise and services) in or in connection with realizing, disposing of, retaining or collecting the Collateral or any part thereof. Such sums shall be a first charge on the proceeds of realization, disposition or collection. The Credit Union may at its option pay taxes, discharge any encumbrance or charge claimed (Whether validly or not) against the Collateral and pay any amount which, in the Credit Union’s sole discretion, it may consider requisite to secure possession of the Collateral with or without litigation or compromise. The Credit Union may settle any litigation in respect of the Collateral or the possessions thereof, and may pay for insurance, repairs and maintenance to the Collateral, and any sum so paid by the Credit Union shall constitute indebtedness of the Assignor secured hereunder, which the Assignor shall repay on demand.

**7. POSSESSION OF COLLATERAL**

Until default, the Assignor may have possession of the Collateral and enjoy the same subject to the terms hereof. However, whether or not default has occurred, the Credit Union may at any time request that debtors on the Receivables be notified of the Credit Union’s security interest. The Credit Union may from time to time confirm with such debtors the existence and amount of the Receivables. Until such notification is made, the Assignor shall continue to collect Receivables but shall hold the proceeds received from collection in trust for the Credit Union without commingling the same with other funds, and shall turn the same over to the Credit Union immediately upon receipt in the identical form received.

**8. LOCATION OF COLLATERAL**

Except for any property described in paragraph 11 hereof, the Collateral, insofar as it consists of tangible property is now and will hereafter be at the place or places, listed below. None of the Collateral shall be removed from such place or places without the written consent of the Credit Union. *(If space insufficient,* *attach a duly signed and witnessed schedule)*

**9. SUPPLEMENTARY DESCRIPTION OF INVENTORY** *(If space insufficient, attach a duly signed and witnessed schedule)*

**10. SUPPLEMENTARY DESCRIPTION OF EQUIPMENT** *(If space insufficient, attach a duly signed and witnessed schedule)*

**11. SUPPLEMENTARY DESCRIPTION OF SECURITIES** *(If space insufficient, attach a duly signed and witnessed schedule)*

**12. FURTHER ASSURANCES CLAUSE**

The Assignor will from time to time at its sole cost and expense, promptly and duly authorize, execute and deliver such further and other instruments and documents and take such further action, as the Credit Union may from time to time require for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by this Agreement, including without limitation, the filing of any financing statement or financing change statement under applicable legislation with respect to the security interest granted to the Credit Union hereunder.

**13. ENTIRE AGREEMENT CLAUSE**

The Credit Union has not made any representation or undertaken any obligation in connection with the subject matter of this Agreement other than as expressly set out in this Agreement, and in particular, nothing in this Agreement requires the Credit Union to make, renew or extend the time for payment of any loan or other financial accommodation to the Assignor or any one of them or any other person. This Agreement contains the entire agreement between the Credit Union and the Assignor with respect to the subject matter hereof.

**14. GENERAL**

(a) This agreement shall be a continuing agreement in every respect.

(b) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

(c) This Agreement shall enure to the benefit of and be binding upon the Credit Union and its successors and assigns and each Assignor and their

respective heirs, executors, administrators, successors and permitted assigns. No Assignor will assign this Agreement without the Credit Union’s prior written consent.

(d) The Assignor may terminate this Agreement by delivering written notice to the Credit Union at any time when the Assignor, or each of them, is not

indebted or liable to the Credit Union. No remedy for the enforcement of the rights of the Credit Union hereunder shall be exclusive of or dependent on any other such remedy and any one or more of such remedies may from time to time be exercised independently or in combination. The security interest created or provided for by this Agreement is intended to attach (i) to existing Collateral, when this Agreement is signed by the Assignor (ii) to Collateral subsequently acquired by the Assignor, immediately upon the Assignor acquiring any rights on such Collateral. The parties confirm that they do not intend to postpone the attachment of any security interest created hereby and delivered to the Credit Union. For greater certainty it is declared that any and all future loans, advances or other value which the Credit Union may in its discretion make or extend to or for the account of the Assignor or of any one or more of them shall be secured by this Agreement.

(e) In construing the Agreement, the word “Assignor” and the personal pronouns “he” or “his” and any verb relating thereto shall be read and construed as the number and gender of the parties signing this Agreement may require.

(f) The Credit Union may increase, reduce, discontinue or otherwise vary the Assignor’s credit facility, grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases, take and give up any Collateral, abstain from taking, perfecting or registering any security interest, mortgage, charge or assignment granted hereby and discharge and otherwise deal with the Assignor, debtors of the Assignor, sureties and others, and with the Collateral and other securities, as the Credit Union may see fit and without prejudice to the liability of the Assignor or the Credit Union’s right to hold and realize this security.

(g) If more than one person or entity signs this Agreement as Assignor, the obligations of such persons or entities is to be joint and several.

(h)This General Security Agreement is in addition and without prejudice to any securities of any kind now or hereafter held by the Credit Union.

(i) The Assignor agrees to pay on demand the Credit Union’s costs and expenses (including legal fees) in connection with the taking/discharging/registering of this Agreement and exercising any and all of its rights granted hereunder.

**15.** The Borrower hereby acknowledges receipt of a copy of this Agreement.

Signed, sealed and delivered this...................................day of..................................20........at........................................................................., Ontario

*TO BE COMPLETED BY SOLE PROPRIETOR OR PARTNERS*

|  |  |  |
| --- | --- | --- |
| Middle Initial | Date of Birth Day, Month, Year | Gender (M/F) |
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|  |  |  |

..............................................……………… …….............................................................…

*Witness*  *Signature of Assignor*

..............................................……………. ……….........................................................…

*Witness Signature of Assignor*

*TO BE COMPLETED BY INCORPORATED BUSINESS*

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*Corporation and/or Trade Name of Assignor*

*Title....................................................... Per............................................................................................*

*Authorized Signing Officer*

*(I have the authority to bind the corporation)*

*Title....................................................... Per............................................................................................*

*Authorized Signing Officer*

*(I have the authority to bind the corporation)*

**SCHEDULE “A”**

# Year/Make Asset Type Model VIN