

## SECURITY AGREEMENT

**THIS SECURITY AGREEMENT** made this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BETWEEN:

**DEBTOR**, a body corporate duly incorporated pursuant to the laws of \_\_\_\_\_ (the "Debtor")

### **OF THE FIRST PART**

**SECURED PARTY**, a body corporate duly incorporated pursuant to the laws of \_\_\_\_\_ (the "Secured Party")

### **OF THE SECOND PART**

**WHEREAS** the Secured Party has agreed to provide the Debtor with loans and advances in cash or in kind and provide credit to the Debtor in the maximum amount of \$\_\_\_\_\_.

**AND WHEREAS** the Debtor is desirous of providing security to the Secured Party over all of the present and after-acquired property of the Debtor including all of the assets, both real and personal as hereinafter described, of the Debtor, as security for the said loans, advances, credit, all existing and future indebtedness, any prior advances or loans and any future loans which may be made by the Secured Party to the Debtor.

**THEREFORE, IN CONSIDERATION OF THE COVENANTS HEREIN CONTAINED, AND FOR VALUE RECEIVED, THE PARTIES HERETO AGREE AS FOLLOWS:**

### **SECURITY INTEREST**

1. The Debtor hereby grants to the Secured Party by way of mortgage, charge, assignment and transfer, a security interest (the "Security Interest") in all the assets and undertaking of the Debtor and in all the Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities now owned or hereafter owned or acquired by or on behalf of the Debtor (including such as may be returned to or repossessed by the Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of the Debtor:

- (a) all Inventory of whatever kind and wherever situate;
- (b) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (c) all accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor ("Debts");

- (d) all 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;
- (e) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other industrial property;
- (f) all property described in Schedule "A" or any schedule now or hereafter annexed hereto;
- (g) without in any way limiting the generality of the foregoing, the motor vehicles, trailers, mobile homes and airplanes described in Schedule "B" attached hereto and forming part hereof; provided that the parties agree that in the event that no motor vehicles, trailers, mobile homes and airplanes are charged in favour of the Secured Party herein, there will not be a completed Schedule "B" attached hereto;

2. The Security Interest granted hereby shall not extend or apply to and Collateral shall not include:

- (a) any personal property held in trust by the Debtor and lawfully belonging to others; or
- (b) the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

3. The terms "Goods", "Chattel Paper", "Documents of Title", "Instruments", "Intangibles", "Securities", "proceeds", "Inventory", "accessions", "Money", "Accounts", "financing statements" and "financing change statements" whenever used herein shall be interpreted pursuant to their respective meanings when used in the *Personal Property Security Act* of [province] as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "PPSA". Provided always that the term "Goods" when used herein shall not include "consumer goods" of the Debtor as that term is defined in the PPSA, and the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

#### **INDEBTEDNESS SECURED**

4. The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of the Debtor to the Secured Party (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that the Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Secured Party shall be entitled to pursue full payment thereof.

5. Without limiting the generality of the foregoing, this Security Agreement, further secures any money spent by the Secured Party in acquiring, perfecting, defending or enforcing the Security Interest, liens, or charges provided for herein and in ensuring or otherwise perfecting the Secured Party's interest in the Collateral.