

ACCOUNTS RECEIVABLE SECURITY AGREEMENT

1. Parties

Lender ("Secured Party"):

Name:

Address:

Borrower ("Debtor"):

Name:

Address:

Date of Birth (if applicable):

Location of Collateral, if different from Debtor's address:

2. Creation of Security Interest

2.1 For value received and as a general and continuing security for the payment of Indebtedness (as hereinafter defined), including any unpaid balance thereof, owed to the Secured Party and to secure the performance of the obligations under this Agreement or any Related Documents, the Debtor hereby grants to the Secured Party a security interest in all the Debtor's present and after acquired personal property in intangibles, accounts, chattel paper, securities, instruments, documents or deeds of title, money and proceeds thereof, and all records and documents, either in hard copy or electronic form, evidencing such items, which shall constitute Collateral, whether now owned or hereafter acquired directly or indirectly by the Debtor.

2.2 Without limiting the foregoing, but for greater certainty, Collateral includes all of the following:

- (a) all Collateral described in any Schedules attached to this Agreement, which are hereby incorporated into this Agreement by reference;
- (b) all patents, trade marks, copyrights and other industrial and intellectual property; and
- (c) all statutory licenses, quotas and other transferable rights.

2.3 Any reference to "Collateral" shall, unless the context requires otherwise, be deemed a reference to "Collateral or any part thereof".

3. Definitions

3.1 All phrases which are defined in the *Personal Property Security Act* ("PPSA") and not otherwise defined in this Agreement shall have the meaning ascribed by the PPSA.

3.2 "Indebtedness" shall mean all liabilities of every kind and nature whatsoever of the Debtor to the Secured Party, whether now or hereafter owed or any future advance, whether direct, indirect, contingent, and whether the Debtor be bound alone or with others and whether as principal or surety.

3.3 "Related Documents" shall mean the promissory notes, loan agreements, account agreements, guarantees, trust deeds, mortgages, other security agreements or any other documents executed in

connection with this Agreement or the Indebtedness or related to its operation or administration, and whether executed now or in the future.

4. Rights and Obligations of Debtor

4.1 **Title.** The Debtor warrants and covenants that the Collateral is genuine and owned by the Debtor free of all security interests, mortgages, liens, claims, charges or other encumbrances (hereinafter collectively called "Encumbrances"), save for the Security Interest [and those Encumbrances shown on Schedule "____"] or those encumbrances hereafter approved in writing by the Secured Party. The Debtor shall not encumber or permit the Collateral to be encumbered without the prior written consent of the Secured Party, other than by the Security Interest.

4.2 **Enforceability.** Each debt, chattel paper and instrument constituting the Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "account debtor"), and the amount represented by the Debtor to the Secured Party from time to time as owing by each account debtor shall be the correct amount actually owing by such account debtor.

4.3 **Possession and Use of Collateral.** Subject to paragraph 6.2, until default or unless otherwise agreed with the Secured Party, the Debtor may deal with the Collateral in the ordinary course of the Debtor's business in any manner consistent with the provisions of this Agreement. Except for accounts collected in the ordinary course of the Debtor's business the Debtor shall not sell or otherwise transfer the Collateral.

4.4 **Removal of Collateral.** The Collateral and all records related thereto are located at the address shown above. Except in the ordinary course of the Debtor's business, the Debtor shall not remove the Collateral from its location without the prior written consent of the Secured Party, which shall not be unreasonably withheld. The Debtor shall not change its business location without notifying the Secured Party.

4.5 **Securities as Collateral.** Where Collateral includes securities, the Secured Party may require the Debtor to transfer such securities into the Secured Party's name so that the Secured Party shall appear as the owner of record of the securities. Until default, the Debtor may retain the voting and dividend rights attached to any such securities and the Secured Party will facilitate exercise of those dividend and voting rights.

4.6 **Preservation of Rights and Collateral.** The Debtor shall defend its own and the Secured Party's rights in the Collateral against the claims and demands of all persons. The Debtor will not commit or permit damage to or destruction of the Collateral. The Debtor shall procure and maintain policies of fire and other casualty insurance covering the Collateral in such amounts and on such terms as are satisfactory to the Secured Party and naming the Secured Party and Debtor as co-insureds.

THIS IS A 5-PAGE DOCUMENT.