

# REVOLVING LOAN AGREEMENT

THIS LOAN AGREEMENT made effective as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BETWEEN:

[NAME OF BORROWER]  
a \_\_\_\_\_ corporation with a head office address at  
\_\_\_\_\_  
(the "Borrower")

- and -

[NAME OF LENDER]  
a \_\_\_\_\_ corporation with a head office address at  
\_\_\_\_\_  
(the "Lender")

WHEREAS:

- A. Borrower desires to borrow up to \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_) from Lender for working capital purposes; and
- B. Lender has agreed to make a loan in the principal amount of up to \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_) to Borrower in accordance with the terms and conditions provided herein.

NOW THEREFORE in consideration of the foregoing premises and the mutual covenants, agreements, representation and warranties hereinafter set forth, the parties hereto agree as follows:

## 1. Definitions

Wherever used throughout this Agreement, the following terms shall have the following meanings:

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banks in the United States are required by law to close.

"**Loan Rate**" shall, with respect to the interest payable hereunder, mean the [greater / lesser] of (i) the prime rate plus \_\_\_\_ percent (\_\_\_\_%) or (ii) the maximum rate allowable by law. The prime rate as of any date shall be determined by reference to the prime rate as published in the Wall Street Journal (the base rate on corporate loans posted by at least 75% of the thirty largest U.S. banks).

"**Maturity Date**" means the earlier of:

- (a) \_\_\_\_\_ [insert date], or
- (b) the date on which any of the following transactions are consummated:
  - (i) any acquisition of Borrower by means of merger or other form of corporate reorganization in which outstanding shares of Borrower are exchanged for securities or other consideration issued, or caused to be issued, by the acquiring corporation or its subsidiary (other than a mere reincorporation transaction or a transaction in which, upon consummation, more than 60% of the outstanding voting securities of the acquiring corporation are owned by the common stockholders of Borrower as of immediately prior to the consummation of such transaction),

- (ii) a sale of all or substantially all of the assets or stock of Borrower to any entity in which more than 60% of the equity interests in such entity are not held by the common stockholders of Borrower as in existence immediately prior to the consummation of such transaction, or
- (iii) an underwritten public offering of the Common Stock of Borrower pursuant to the Securities Act of 1933 which results in net proceeds to Borrower of at least \$10 million.

**2. Amount and Terms of the Loan**

- 2.1 *Principal Amount of Loan.* Subject to, and upon the terms and conditions herein set forth (including, without limitation, the restrictions contained in Section 5.7 hereof), Lender agrees to make a loan to Borrower in the principal amount of up to \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "Loan"). Borrower may request disbursements of all or a portion of the Loan, subject to the restrictions set forth in Section 5.7 hereof, at any time prior to the Maturity Date upon the terms and limitations contained herein; provided; however, that the principal balance outstanding at any time shall not exceed \$\_\_\_\_\_.
- 2.2 *Interest.* Interest shall accrue on the unpaid principal balance of the Loan at the Loan Rate. Interest shall be payable monthly on the last day of the month, provided that should such date not be a Business Day, interest shall be payable on the next Business Day. Any amount of principal and accrued interest which is not paid when due shall bear interest at the Loan Rate from the date on which such amount is due until such amount is paid in full, payable on demand. Interest shall be computed daily on the basis of the actual number of days in which all or any portion of the principal amount hereunder is outstanding based on a 365-day year. Principal and interest shall be payable in lawful money of the United States at Lender's office address as set out herein.

THIS DOCUMENT HAS 11 PAGES.