

FACTORING AND SECURITY AGREEMENT (CANADA)

THIS AGREEMENT made effective as of the ____ day of _____, _____.

BETWEEN:

[NAME OF SELLER]

[address]
(the "Seller")

- and -

[NAME OF BUYER]

[address]
(the "Buyer")

WHEREAS Seller wishes to obtain short-term financing by factoring, selling and assigning to Buyer certain acceptable accounts receivable in accordance with the terms of this Agreement at a discount below face value and on recourse, as set in this Agreement.

1. Definitions

- (a) "Account" means any right to payment for any reason whatsoever including but not limited to goods sold, leased or delivered, or services provided, or refunds due, as sold and assigned to the Buyer pursuant to this Agreement, including but not limited to those Accounts set out in Schedule "A" attached.
- (b) "Acceptable Account" means an Account in respect of which all of the representations and warranties set forth herein are true and accurate, including the Accounts set out in Schedule "A" attached.
- (c) "Buyer" means the buyer of Accounts from the Seller as set out above.
- (d) "Seller" means the seller and assignor of the Accounts as set out above.
- (e) "Credit Problem" includes any circumstance which may adversely affect a Customer's ability to pay of its obligations (including any Account) when due.
- (f) "Customer" means Seller's customer or the account debtor of any Account purchased by Buyer pursuant to this Agreement.
- (g) "Customer Dispute" means any claim by customer against Seller, of any kind whatsoever, valid or invalid, that reduces the amount collectible from Customer by Buyer in respect of any Account purchased by Buyer.
- (h) "Interest Rate" means the rate of ##% per year, which will be charged on any and all overdue payments from Seller to Buyer of any kind whatsoever under this Agreement.

2. Representations, Warranties And Covenants By Seller

As an inducement for Buyer to enter into this Agreement, and with full knowledge that the truth and accuracy of the representations and warranties of Seller in this Agreement are being relied upon by Buyer instead of the delay of a complete credit investigation, Seller represents and warrants that the following statements are true and correct, and covenants that the same will remain true and correct for so long as any amount remains owing to Buyer hereunder:

- (a) Seller is properly licensed and authorized to operate its business.

- (b) The complete and proper legal name of Seller is as set out above, and Seller has no French version of such name.
- (c) Seller's business is solvent.