

I/WE \_\_\_\_\_ and \_\_\_\_\_ (hereinafter called the "Borrower")

1. As a general and continuing collateral security for payment of all existing and future indebtedness and liability of the undersigned Borrower (the "Borrower") of Libro wheresoever and howsoever incurred and any ultimate unpaid balance thereof, the Borrower hereby grants, bargains, assigns, transfers, sets over, mortgages and charges in favour of and grants to Libro a security interest in the undertaking and property of the Borrower as hereinafter defined, of which the Borrower is now or may hereafter become the owner of in respect of which the Borrower has or subsequently acquires rights and the Borrower agrees with Libro as hereinafter set out.

2. In this Agreement,

"PPSA" means the Personal Property Security Act of Ontario and any Act that may be substituted therefore, and as from time to time amended;

"Collateral" means and includes all of the above mentioned undertaking and property and the property described in paragraphs 3.01 to 3.10 whether now owned or hereafter acquired or in respect of which the Borrower has or subsequently acquires rights, and whether tangible or otherwise, which term is further defined below in paragraphs 3.01 to 3.10;

"Chattel Paper", "documents of title", "goods", and "instrument" have the meanings respectively ascribed to them in the PPSA; and

"Receivables" means the property described in paragraphs 3.03 hereof.

DESCRIPTION OF PROPERTY – includes all real property and personal property as that term is defined in the PPSA and includes but is not limited to:

3.01 Inventory All goods now or hereafter forming part of the inventory of the Borrower including, without limiting the generality of the foregoing, the following: goods held for sale or lease; goods furnished or to be furnished under contracts of service; goods which are raw materials or work in process; materials used or consumed in the business of the Borrower.

3.02 Equipment All goods now or hereafter owned by the Borrower or in respect of which the Borrower has or subsequently acquires rights which are not inventory within the foregoing description, used or intended for use in or about the place or places hereinafter designated or in any business conducted elsewhere by the Borrower, including, without limiting the generality of the foregoing, the following:

machinery, fixtures, furniture, vehicles of any sort or description, and all accessories installed in or affixed or attached or appertaining to any of the foregoing.

3.03 Receivables All debts, accounts, claims, moneys, and choses in action, including but not limited to condominium fees, which now are or which may at any time hereafter be due or owing to the Borrower and also all securities, bills, notes and other documents now held or which may be hereafter taken, held or owned by the Borrower or anyone on behalf of the Borrower and in respect of the said debts, claims, moneys and choses in action or any part thereof, and also all books and papers recording, evidencing or relating to said debts, accounts, claims, moneys and choses in action or any part thereof (all of the foregoing being hereinafter called the "accounts receivable").

3.04 Chattel Paper All chattel paper whether present or future of the Borrower.

3.05 Documents of Title All warehouse receipts, bills of lading and other documents of title, whether negotiable or otherwise, present or future of the Borrower.

3.06 Securities All shares, stock warrants, bonds, debentures, debenture stock, or other securities of the Borrower together with renewals thereof, substitutions therefore, accretions thereto and all rights and claims in respect thereof.

3.07 Instruments All instruments, whether present or future of the Borrower.

3.08 Intangibles All choses in actions that are not goods, chattel paper, documents of title, instruments, money or securities but include all present or future contractual rights, licenses, quotas, goodwill, patents, trademarks, copyrights and other industrial property.

3.09 Real Estate All real property, whether present or future, of the Borrower.

3.10 Proceeds All personal property in any form or fixtures derived directly or indirectly from any dealing with Collateral or that indemnifies or compensates for Collateral destroyed or damaged.

All of which property described in paragraphs 3.01 through 3.10 is hereinafter referred to as the "Collateral"

#### OWNERSHIP OF COLLATERAL

4. The Borrower represents and warrants that, except for the security interest created hereby, and except for purchase money obligations, the Borrower is, or with respect to Collateral acquired after the date hereof will be, the owner of the Collateral or have the right to acquire ownership and that such Collateral shall be free from any mortgage, lien, charge, security interest or encumbrance. "Purchase money obligations" means any mortgage, lien, other encumbrance or security interest upon property assumed or given back as part of the purchase price of such property or arising by operation of law or any extension or renewal or replacement thereof upon the same property, if the principal amount of the indebtedness secured thereby is not increased and provided, further, that such purchase money security interest(s) is continuously perfected in accordance with the applicable purchase money security interest rules set form in the PPSA.

## INSURANCE

5. The Borrower shall keep the Collateral insured against loss or damage by fire and such other risks as Libro may reasonably require to the full insurable value thereof, and shall either assign the insurance policies to Libro or have the loss thereunder made payable to Libro as it may require. At the request of Libro such insurance policies shall be delivered to and held by it. Should the Borrower neglect to maintain such insurance Libro may insure, and any premiums paid by Libro together with interest thereon shall be payable by the Borrower to Libro upon demand.

## LIENS, ETC.

6. Subject to paragraph 4 hereof, the Borrower shall keep the Collateral free and clear of all taxes, assessments, claims, liens, and encumbrances and shall promptly notify Libro of any loss or damage to the Collateral or any part thereof.

## USE OF COLLATERAL

7. Until default as hereinafter defined, the Borrower may, subject to the provisions of paragraph 10 hereof, use the Collateral in any lawful manner not inconsistent with this Agreement or with the terms or conditions of any policy of insurance thereon, and sell the same in the ordinary course of business.

## INFORMATION AND INSPECTION

8. The Borrower shall from time to time forthwith on request furnish to Libro in writing all information requested relating to the Collateral or any part thereof, and Libro shall be entitled from time to time to inspect the tangible Collateral wherever located including, without limitation, the books and records of the Borrower and for such purpose Libro shall have access to all places where the Collateral or any part thereof is located and to all premises occupied by the Borrower at all reasonable times and without notice.

## DEFAULT

9.01 Upon default by the Borrower in payment of all or any part of the indebtedness or liability of the Borrower to Libro, in the performance or observance of any of the provisions hereof or of any other contract entered into by the Borrower in favour of Libro (in this agreement called "default") Libro may 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 instead thereof, and such receiver so appointed shall have the power to take possession of the Collateral and to carry on or concur in carrying on the business of the Borrower, and to sell or concur in selling the Collateral or any part thereof. Any such receiver shall for all purposes be deemed to be the agent of the Borrower. Libro may from time to time fix the remuneration of such receiver. All moneys from time to time received by such receiver shall be paid thereby first in discharge of all rents, taxes, rates, insurance premiums and outgoing affecting the Collateral, secondly in payment of the remuneration due thereto as receiver, 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 Borrower to Libro as to Libro seems best, and any residue of such moneys so received shall be paid as required by law. Libro in appointing or refraining from appointing such receiver shall not incur any liability to the receiver, the Borrower, or otherwise.

9.02 In addition to the rights and remedies specifically provided herein, Libro shall, upon default, have the rights and remedies of a secured party under the PPSA.

9.03 Subject to the provisions of the PPSA, the Borrower shall be entitled to not less than fifteen days' notice in writing of the date, time and place of any public sale or of the date after which any private disposition of the Collateral is to be made.

## RECEIVABLES

10. Libro may collect, realize, sell or otherwise deal with the Receivables or any part thereof in such manner, upon such terms and conditions and at such time or times as may seem to it advisable and without notice to the Borrower (except in the case of sale and then subject to paragraph 9.03 hereof). Libro shall not be liable or accountable for any failure to collect, realize, sell or obtain payment of the Receivables 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 Libro, the Borrower or any other person, firm or corporation in respect of the same. All moneys collected or received by the Borrower in respect of the Receivables shall be received as trustee for Libro and shall forthwith be paid over to Libro. All moneys collected or received by Libro in respect of the Receivables or other Collateral may be applied on account of such parts of the indebtedness and liability of the Borrower as to Libro seems best or in the discretion of Libro may be released to the Borrower, all without prejudice to the liability of the Borrower or Libro's right to hold and realize the security granted by this Agreement.

## CHARGES AND EXPENSES

11. Libro may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (expressly including legal advice and services) in or in connection with realizing, disposing of, retaining or collecting the Collateral or any part thereof, and such sums shall be a first charge on the proceeds of realization, disposition or collection.

## FURTHER ASSURANCES

12. The Borrower shall from time to time forthwith on Libro's request do, make and execute all such financing statements, further assignments, documents, acts, matters and things as may be required by Libro of or with respect to the Collateral or any part thereof or as may be required to give effect to these presents and the Borrower hereby constitutes and appoints the Vice-President of Credit of Libro the true and lawful attorney of the Borrower irrevocable with full power of substitution to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Borrower whenever and wherever it may be deemed necessary or expedient.

DEALINGS BY LIBRO

13. Libro may grant extensions of time and other indulgences, take and give up securities, accept compromises, grant releases and discharges and otherwise deal with the Borrower, debtors of the Borrower, guarantors, sureties and others and with the Collateral and other securities as Libro may see fit without prejudice to the liability of the Borrower or Libro's right to hold and realize this security.

COVENANTS

14. The Borrower covenants with Libro to notify Libro of:
- (a) Any change in the information contained herein relating to the Borrower, the Borrower's business or the Collateral;
  - (b) The details of any claims, loss or damage to the Collateral;
  - (c) To keep the collateral in good order, condition and repair;
  - (d) To execute, acknowledge and deliver any documentation requested by Libro in order to give effect to this Agreement and to pay all costs for searches and filings in connection therewith;
  - (e) To pay all taxes, rates, levies, assessments and other charges of every nature which may be levied, assessed or imposed as against or in respect of all Borrower or the Collateral;
  - (f) To insure the Collateral for such periods in such amounts on such terms and against loss or damage by fire and such other risk as may be appropriate with loss payable to Libro and the Borrower as insureds as their respective interest may appear to pay all premiums relating thereto.

LOCATION OF COLLATERAL

15. The Collateral subject to the provisions of paragraph 7 hereof, shall not be removed from the Province of Ontario without the written consent of Libro.

GENERAL

16. This agreement
- (a) shall be a continuing agreement in every respect;
  - (b) shall be governed by the laws of the Province of Ontario; and
  - (c) may be terminated by the Borrower by written notice delivered to Libro at 217 York Street, 4th Floor, London, Ontario N6A 5P9, at any time when the Borrower is not indebted or liable to Libro. No remedy for the enforcement of the rights of Libro hereunder shall be exclusive of or dependent on any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination. The parties hereto have not agreed to postpone the time for attachment of the security interest granted hereby. For greater certainty it is declared that any and all future loans, advances or other value which Libro may in its discretion make shall be secured by this agreement. If more than one person executes this agreement their obligations hereunder shall be joint and several.

The Borrower agrees that Libro may send, by prepaid ordinary mail, copies of any documents that the PPSA requires Libro to send. Any such notice shall be deemed to be received five (5) days after mailing, in the manner set forth above, to the last known address of the Borrower. The Borrower hereby waives any right that the Borrower may have to receive a copy of any Financing Statement or Financing Change Statement registered in respect of this Agreement.

\_\_\_\_\_

Signature: \_\_\_\_\_  
 Name:  
 Title:  
 I/We have the authority to bind the Corporation

\_\_\_\_\_  
Date

Signature: \_\_\_\_\_  
 Name:  
 Title:  
 I/We have the authority to bind the Corporation

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature  
Name:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature  
Name:

\_\_\_\_\_  
Date

To:

Tel:

Email:

Re: \_\_\_\_\_ and \_\_\_\_\_

Policy Number:

Owner Number:

**Libro Credit Union Limited ("Libro") holds a security interest in the following:**

- Motor Vehicles:  All or \_\_\_\_\_
- Motorized Equipment:  All or \_\_\_\_\_
- Equipment:  All or \_\_\_\_\_
- Livestock:  All or \_\_\_\_\_
- Inventory
  - Raw Material:  All or \_\_\_\_\_
  - Work in Progress:  All or \_\_\_\_\_
  - Finished Goods:  All or \_\_\_\_\_
- Other: \_\_\_\_\_

**Please make any loss payable to Libro Credit Union Limited and send a certified copy of the applicable insurance policy or policies to:**

**Libro Credit Union Limited  
Attention: Credit Department**

217 York Street, 4<sup>th</sup> Floor  
London, ON N6A 5P9  
Phone: 519-672-0124  
Fax: 519-672-1774

**Additional terms agreed to are as follows:**

- (a) The motor vehicle(s) are to remain insured at all times to the full insurable value for fire, theft and the usual comprehensive coverage, as well as collision (\$1,000.00 maximum deductible).
- (b) The insured shall, at the request of Libro, pay such further premium as is necessary to obtain an endorsement that the security interest of Libro will not be invalidated by any breach of statutory condition.
- (c) Any additional premium chargeable by virtue of the forgoing is to be charged to the undersigned insured.

Signature: \_\_\_\_\_

Name:

Title:

I/We have the authority to bind the Corporation

\_\_\_\_\_ Date

Signature: \_\_\_\_\_

Name:

Title:

I/We have the authority to bind the Corporation

\_\_\_\_\_ Date

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature

Name:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature

Name:

\_\_\_\_\_  
Date