

BETWEEN: \_\_\_\_\_ and \_\_\_\_\_  
(the "Borrower")

AND: LIBRO CREDIT UNION LIMITED ("Libro")

1. SECURITY INTEREST

1.1 For consideration received and acknowledged, the Borrower hereby mortgages and charges as a fixed and specific charge in favour of Libro, granting a general and continuing security interest in the Borrower's present assets as described in the collateral box below (and any replacements, additions and the proceeds regarding any sale or destruction thereof):

1.2 The security interests created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the personal property subject to the Security Interests are collectively called the "Collateral".

1.3 All of the above assets shall remain in the Province of Ontario.

2. ATTACHMENT

The Borrower agrees that the Security Interests attach upon the signing of this Security Agreement, or in the case of after acquired property, upon the date of acquisition.

3. PURCHASE MONEY SECURITY INTEREST

The Borrower acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in the Collateral to the extent that moneys advanced by Libro, including all future advances and re-advances are used or are to be used, in whole or in part, to acquire rights in the Collateral.

4. OBLIGATIONS SECURED

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by Libro from the Borrower or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Borrower to Libro (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Borrower to Libro, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

5. COVENANTS OF THE BORROWER

5.1 The Borrower covenants with Libro that while this Security Agreement remains in effect the Borrower will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;
- (b) defend the title to the Collateral for Libro's benefit, against the claims and demands of all persons;
- (c) maintain the Collateral in good condition and repair;
- (d) forthwith pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by Libro in connection with granting loans or credit to the Borrower, the protection of its Security Interests and the preservation of the Collateral, and any enforcement proceedings brought hereunder;
- (e) at Libro's request, execute and deliver further documents and instruments and do all acts as Libro in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (f) receive and hold in trust on behalf of and for the benefit of Libro all proceeds from the sale or other disposition of any Collateral.

5.2 Any amounts required to be paid to Libro by the Borrower under this Clause 5 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

5.3 This Security Agreement shall remain in effect until it has been terminated by Libro by notice of termination to the Borrower and all registrations relating to the Security Agreement have been discharged.

6. INSURANCE

6.1 The Borrower covenants that while this Security Agreement is in effect the Borrower shall maintain insurance on the Collateral, of kinds, for amounts and payable to such person or persons, all as Libro may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft; cause the insurance policy or policies required by this Security Agreement to be assigned to Libro, including a standard loss payee endorsement, as Libro may require.

6.2 The Borrower will forthwith, on the happening of loss or damage to the Collateral, notify Libro and furnish to Libro at the Borrower's expense any necessary proof and do any necessary act to enable Libro to obtain payment of the insurance proceeds, but nothing shall limit Libro's right to submit to the insurer a proof of loss on its own behalf.

6.3 The Borrower shall cause, and hereby authorizes and directs the insurer under any required policy of insurance to include the name of Libro as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under such insurance, and this shall be the insurer's complete authority for so doing.

6.4 If the Borrower fails to maintain insurance as required, Libro may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as Libro may wish to maintain.

7. OTHER PROHIBITIONS

7.1 Without the prior written consent of Libro the Borrower will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell or otherwise assign, or move, any of the Collateral.

7.2 Any disposition of any Collateral shall result in the Borrower holding the proceeds in trust for and on behalf of Libro and subject to Libro's exclusive direction and control. Nothing restricts Libro's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with Libro's prior written consent.

8.

**DEFAULT**
- 8.1

Unless waived by Libro in writing, the Borrower shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Borrower and Libro in any of the following events:
  - (a) the Borrower defaults, or threatens to default, in payments when due of any of the Obligations; or
  - (b) the Borrower is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with Libro, or any representation or warranty of the Borrower to Libro is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
  - (c) the Borrower or a guarantor of the Borrower declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the Bankruptcy and Insolvency Act (Canada), the Companies Creditors' Arrangement Act (Canada) or similar legislation in any jurisdiction, or makes an assignment; or
  - (d) Libro in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered.
9.

**ENFORCEMENT**
- 9.1

Upon any default under this Security Agreement Libro may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests Libro may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, Libro may do any of the following:
  - (a) enter upon any of the Borrower's premises at any time and take possession of the Collateral with power to exclude the Borrower, its agents and its servants, without becoming liable as a mortgagee in possession;
  - (b) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to Libro may seem reasonable, provided that if any sale, lease or other disposition is on credit the Borrower will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received; and,
  - (c) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.
10.

**APPOINTMENT OF ATTORNEY**
- The Borrower hereby irrevocably appoints Libro or its delegate, as the case may be, with full power of substitution, as the attorney of the Borrower.
11.

**EXTENSIONS**
- Libro may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Borrower, the Borrower's account debtors, sureties and others and with the Collateral and other security interests as Libro may see fit without prejudice to the Borrower's liability or Libro's right to hold and realize on the Security Interests.
12.

**WAIVER**
- Libro may permit the Borrower to remedy any default without waiving the default so remedied. Libro may from time to time and at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by Libro. No delay or omission on the part of Libro in exercising any right shall operate as a waiver of such right or any other right.
13.

**NOTICE**
- Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if mailed shall be deemed to have been given at the expiration of three business days after mailing and if delivered, on delivery.
14.

**NO MERGER**
- This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by Libro now or in the future from the Borrower or from any other person. The taking of a judgement respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.
15.

**RIGHTS CUMULATIVE**
- Libro's rights and remedies set out in this Security Agreement, and in any other security agreement held by Libro from the Borrower or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Borrower and Libro that may be in effect from time to time.
16.

**ASSIGNMENT**
- Libro may, without notice to the Borrower, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests.
17.

**ENUREMENT**
- This Security Agreement shall enure to the benefit of Libro and its successors and assigns, and shall be binding upon the Borrowers and its heirs, executors, administrators, successors and any assigns permitted by Libro, as the case may be.
18.

**INTERPRETATION**
- 18.1

In this Security Agreement:
  - (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
  - (b) "the Act" means the Personal Property Security Act of Ontario and all regulations under the Act, as amended from time to time.
- 18.2

Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.
- 18.3

The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.
- 18.4

The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.
- 18.5

This Security Agreement shall be governed by the laws of the Province of Ontario. For enforcement purposes, the Borrower hereby attorns to the jurisdiction of the Courts of Ontario.
19.

**TIME**

Time shall in all respects be of the essence.

20.

INDEPENDENT ADVICE

The Borrower acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.
21.

THE COMMITMENT LETTER

The Borrower acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the commitment letter between the parties, the terms of the commitment letter shall apply and take precedence over the terms of this Security Agreement.

**IN WITNESS WHEREOF** the Borrower has hereunto set his hand and seal or has affixed its corporate seal duly attested by the hand(s) of its proper officer(s) in that behalf, on the day and year first above written.

\_\_\_\_\_

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

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Date



Insurance Endorsement Request

To: \_\_\_\_\_  
\_\_\_\_\_

Tel: \_\_\_\_\_  
Email: \_\_\_\_\_

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

Policy Number: \_\_\_\_\_

Libro Credit Union Limited (“Libro”) holds a security interest in the following:

Motor Vehicles:	<input type="checkbox"/> All or	_____
Motorized Equipment:	<input type="checkbox"/> All or	_____
Equipment:	<input type="checkbox"/> All or	_____
Livestock:	<input type="checkbox"/> All or	_____
Inventory		_____
Raw Material:	<input type="checkbox"/> All or	_____
Work in Progress:	<input type="checkbox"/> All or	_____
Finished Goods:	<input type="checkbox"/> 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 Stree, 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: \_\_\_\_\_  
I/We have the authority to bind the Corporation  
  
Name: \_\_\_\_\_  
  
Title: \_\_\_\_\_

Date \_\_\_\_\_

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

Date \_\_\_\_\_

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Date