

IMMOVEABLE HYPOTHEC DEED ON A SPECIFIC GOOD

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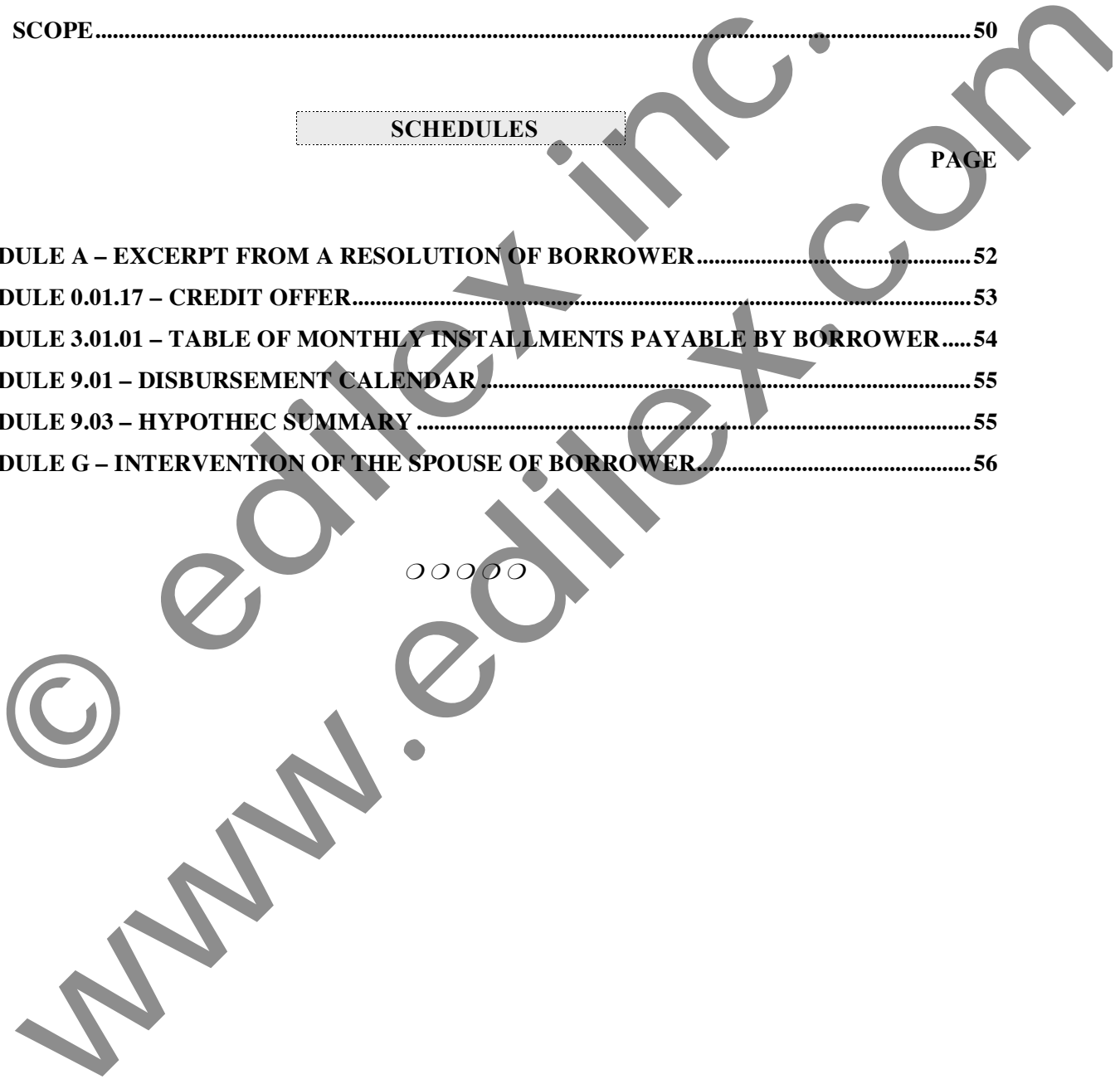
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IMMOVEABLE HYPOTHEC DEED ON A SPECIFIC GOOD entered into in the City of Province of (insert name of province), Canada.

BEFORE M^e, the undersigned, notary for the Province of Quebec, exercising his profession at

HAVING APPEARED: V1 (name of individual), (occupation), domiciled and residing at (insert civic number and street name), in the City of (insert name of city), Province of (insert name of province), (postal code);

OR

V2 (corporate or business name), a legal person duly incorporated pursuant to the Act (name of statute under which the corporation was incorporated), having its principal place of business at (insert civic number and street name), in the City of (insert name of city), Province of (insert name of province), (postal code);

OR

V3 (corporate or business name), a legal person duly incorporated pursuant to the Act (name of statute under which the corporation was incorporated), having its head or registered office at (insert civic number and street name), in the City of (insert name of city), Province of (insert name of province), (postal code), represented by (name of representative), its (title of representative), duly authorized for the purposes hereof;

OR

V4 (corporate or business name), a legal person, duly incorporated pursuant to the Act (name of statute under which the corporation was incorporated), having its head or registered office at (insert civic number and street name), in the City of (insert name of city), Province of (insert name of province), (postal code), and duly registered under number (.....) in accordance with (insert name of statute pursuant to which the entity

LENDER	BORROWER	SURETY

is registered), represented by (name of representative), its (title of representative), duly authorized for the purposes hereof as he/she so declares [or as indicated in the resolution of the [sole director or board of directors]];

HEREINAFTER REFERRED TO AS "LENDER";

AND: (identification of borrower);

HEREINAFTER REFERRED TO AS "BORROWER";

AND: (identification of the surety);

HEREINAFTER REFERRED TO AS THE "SURETY";

HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PARTIES".

RECITALS

THE PARTIES MAKE THE FOLLOWING REPRESENTATIONS:

- (A) LENDER is a financial institution whose main activity consists of lending money to the public;
- (B) BORROWER is a business in search of working capital credit;
- (C) LENDER has submitted on 20... an offer of credit to BORROWER, which accepted it;
- (D) Following said acceptance, the PARTIES have on this day entered into a loan agreement specifying the terms of such grant of credit, the consideration required and the securities relating thereto;

LENDER	BORROWER	SURETY

- (E) As security for such credit, LENDER requires, among others, the creation of a hypothec of (.....) rank on an immovable, hereinafter described, owned by BORROWER;
- (F) BORROWER agrees to the creation of an hypothec on such immovable;
- (G) The PARTIES agree to execute an immoveable hypothec deed on a specific good;
- (H) The PARTIES wish to set out in writing the terms of their agreement regarding such purpose;
- (I) It is the intent of the PARTIES that their agreement be construed as a contract by mutual agreement.

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

0.00

INTERPRETATION

0.01 Terminology

Unless otherwise indicated, capitalized words and expressions appearing in the Deed shall be interpreted or construed as follows:

0.01.01 Activities

means (*identify business sector*) of (*identify subject person*);

0.01.02 Breach

means any misrepresentation, inaccuracy, error, omission, non-compliance, infringement, failure, claim or other circumstance relating to a representation, warranty, covenant, obligation or other provision of the Deed leading to:

- (a) any infringement of the Deed; or
- (b) any claim by any Person or other occurrence or circumstance which (i) is inconsistent with a covenant, obligation or other provision of the Deed and (ii) causes damage to such Person;

0.01.03 Change in Control

LENDER	BORROWER	SURETY

means, in relation to any PARTY to the Deed whose legal status is that of a business corporation, any one of the following events:

- (a) the direct or indirect acquisition by any Person or entity of securities of such a corporation representing more than FIFTY PERCENT (50%) of the corporation’s voting rights;
- (b) an agreement for the sale or disposition of all or substantially all of such a corporation’s assets;
- (c) a reorganization of such corporation leading to an assignment of a PARTY’s rights in the Deed to a related Person;
- (d) a merger of such a corporation; or
- (e) the approval by the shareholders of such a corporation of a plan for its complete liquidation;

0.01.04 Closing Date

means 20...., or any other date set by mutual agreement between the PARTIES for the signing of the documentation required to execute the transaction provided in the Deed;

0.01.05 Confidential Information

means any commercial, technical, scientific, financial, legal, personal or other information disclosed by a PARTY relating to the disclosing PARTY’s business activities, strategies or opportunities, intellectual property, suppliers, customers, financial condition or employees which, at the time of disclosure, is designated as confidential, is disclosed in confidence, or would be understood by the receiving PARTY, exercising reasonable business judgment, to be confidential, but excludes:

- (a) information known to the receiving PARTY before the date on which it is received;
- (b) information known by the public or available to the public before the date on which it is received;
- (c) information which becomes known by or available to the public after the date on which it is received and which does not result from a breach of confidentiality on the part of the receiving PARTY;
- (d) information received at any time by a Person not bound to one of the PARTIES by an undertaking of confidentiality with regard to such information;

LENDER	BORROWER	SURETY

- (e) information independently produced by the receiving PARTY;
- (f) personal information provided by an individual when such information is being used for the purpose for which it has been previously disclosed or any other purpose permitted by Law;

0.01.06 Deed

means this deed including its recitals and schedules, any related or ancillary agreement or document identified therein, as well as any amendment made thereto from time to time by the PARTIES in compliance with Section 12.05; the terms “herein”, “hereof”, “hereto”, “herewith”, “hereunder”, “hereby” and other similar terms, when used in the Deed, shall generally refer to the deed as a whole rather than to a specific part thereof, unless otherwise indicated in the text;

0.01.07 Environmental Laws

means laws and regulations regarding the protection of the environment adopted by federal, provincial or municipal authorities;

0.01.08 Event of Default

refers to any of the following events:

- (a) if a PARTY fails to make any of the payments (of principal or interest) according to the timetable set and if it fails to cure such default within (.....) days following receipt of notice to such effect;
- (b) if any of the security mentioned in the Deed is reduced in value, forfeited or expires before the obligation it guarantees is performed;
- (c) if a PARTY, in its interim or annual financial statements, does not show a working capital having a ratio of at least 1:1;
- (d) if the operations of a PARTY are interrupted for any reason whatsoever during (.....) consecutive days or more;
- (e) if a PARTY assigns its property for the benefit of its creditors or involuntarily liquidates its property;
- (f) if a PARTY becomes insolvent or if a petition in bankruptcy is instituted against it and a final judgment is handed down confirming its bankruptcy;

LENDER	BORROWER	SURETY

- (g) if a PARTY sells, assigns or transfers its rights in the Deed, in whole or in part, without having obtained the prior written consent of
- (h) if a PARTY does not comply with one or more of its undertakings pursuant to the Deed or to any ancillary agreement and such default is not cured within (.....) following receipt of a notice of default from
- (i) if a PARTY (or any of its Subsidiaries) is subject to a Change in Control;

0.01.09 Force Majeure

means any event beyond the control of a PARTY which could not have been reasonably foreseen and against which it could not have protected itself such as, without limiting the generality of the foregoing, natural disasters, epidemics, fires, accidents, acts of war (whether declared or not), insurrections, riots, acts of terrorism, wildcat strikes, partial or total work stoppages or slowdowns, lock-outs, changes in market conditions, power or communications breakdowns, interventions by civil or military authorities, compliance with any orders of governmental authorities, courts or tribunals or public authorities;

0.01.10 Fundamental Provisions

means, in the opinion of the PARTIES, Parts of the Deed;

0.01.11 Hazardous Material

means any material which, in its liquid, solid or gaseous state, has an adverse impact on the environment or on the health of persons exposed to it and includes any "pollutant" or "contaminant" within the meaning of the *Environment Quality Act (Quebec)* and any "toxic substance" within the meaning of the *Canada Environmental Protection Act*;

0.01.12 Immoveable

means the property, be it the land, the buildings and the content of the buildings, owned by BORROWER and which is or shall be hypothecated as specific guarantee for the payment of the sums of money, loan and interest, which shall be hereby guaranteed, namely:

- (a) an immoveable facing Street, in the city of, known and designated as being composed of:
 - (i) of lot number (.....) of the official subdivision of the original lot number (.....) in the plans and book of official reference, registration division where the immoveable is found;

LENDER	BORROWER	SURETY

(ii) of lot number (.....) of the official subdivision of the original lot number (.....) in said plans and book of official reference, in said registration division;

with the building bearing number (.....) of said street in subject to a servitude in favour of the city of created within the terms of the deed published in the land registry of the bureau of the registration division of under number and also subject to a servitude in favour of and created within the terms of the deed published in the land registry of the bureau of the registration division of under number as it is all found presently without exception or reserve of any type;

such immovable also includes any movable property incorporated, attached, reunited or united by accession thereto and which becomes by this fact immovable by the effects of the law;

0.01.13 Land Taxes

means, for the immovable, all the taxes, assessments, fees, general or special, levied by federal, provincial, municipal or public school authorities, which may, at all times, affect or encumber the latter of rights having priority over those of LENDER;

0.01.14 Law

means a federal, provincial, state, municipal or foreign law, any regulation, ordinance, code, guideline, policy, or rule of civil or common law, any trade amendment thereto and any judicial or administrative order, consent, decree or judgment and may also include an international treaty or trade agreement, and any reference to a repealed statute shall be deemed to be a reference to such a statute and its related regulations as they existed prior to said statute being repealed;

0.01.15 Legal Representatives

means, in respect of each PARTY and, as the case may be, it's authorized assignee, when a natural person, the executors or administrators of his estate, his legal heirs, legatees, successors or mandataries and, when a legal person, its directors, officers, shareholders, members, employees and representatives;

0.01.16 Loan

means all amounts advanced by LENDER to BORROWER in compliance with the Deed (or, as the case may be, the financing contract);

LENDER	BORROWER	SURETY