

DEED OF MOVABLE HYPOTHEC ON A UNIVERSALITY OF ASSETS

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MOVABLE HYPOTHEC ON A UNIVERSALITY OF ASSETS entered into in the City of , Province of (insert name of province), Canada.

BETWEEN: 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 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 "BORROWER";

AND: (identification of lender);

BORROWER	LENDER

HEREINAFTER REFERRED TO AS "LENDER";
HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PARTIES".

RECITALS [WITNESSETH]

THE PARTIES MAKE THE FOLLOWING REPRESENTATIONS:

- (A) BORROWER is engaged in the business of (*identification of business activities*);
- (B) LENDER is engaged in the business of (*identification of business activities*);
- (C) BORROWER and LENDER have entered into a financing arrangement evidenced by a promissory note issued on (*date*);
- (D) In order to secure the repayment of any amounts due, and the accomplishment of all its obligations towards LENDER in accordance with the terms of the promissory note, BORROWER must grant a movable hypothec on the universality of its assets in favour of LENDER;
- (E) The PARTIES wish to set out in writing the terms of their agreement regarding such purpose;
- (F) 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 Definitions

BORROWER	LENDER

Unless indicated otherwise, the following capitalized terms or expressions shall have throughout the Agreement either the same meaning as in the Promissory Note where applicable or, as the case may be, the meaning indicated below:

0.01.01 Account Receivable

refers, during the term of the Agreement, to any account receivable, instrument and account owed to BORROWER including tax credits or returns to which it may be entitled to, and any conditional or non-conditional contribution, present and future, for goods and services or monies of which BORROWER is entitled at a given moment, regardless of the debtor or its representative, including namely all the contributions and insurance indemnities in addition to, as the case may be, any deposit and balance with a financial institution, supplier or other Person, any judgment, security, right and accessory relating thereto, as well as all the physical and electronic documentation relating thereto;

0.01.02 Activities

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

0.01.03 Agreement

means this agreement 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 12.04. The terms “herein”, “hereof”, “hereto”, “herewith”, “hereunder”, “hereby” and other similar terms, when used in the Agreement, shall generally refer to the agreement as a whole rather than to a specific part thereof, unless otherwise indicated in the text;

0.01.04 Authorized Charges

means any charge of which LENDER is itself holder or that is held on its behalf as well as any charge benefiting a third Person that has been approved by LENDER;

0.01.05 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 Agreement leading to:

- (a) any infringement of the Agreement; or

BORROWER	LENDER

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

0.01.06 Change in Control

means, in relation to any PARTY to the Agreement 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 Agreement 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;

0.01.07 Encumber or Encumbrance

encumber means to create or grant an encumbrance and encumbrance means a legal cause of preference, a dismemberment of ownership rights, a mode of ownership, a restriction on the right to sell or a security interest;

0.01.08 Encumbered Asset

refers to any movable property, present and future, corporeal or incorporeal, of BORROWER, located at and used by the latter in the course of its Activities with the exception of:

- (a) *(list the movable property hypothecated in terms of their category);*

0.01.09 Event of Default

means, without prejudice to the other causes of default indicated in the present Agreement or provided by law, one of the following events:

BORROWER	LENDER

- (a) the failure by BORROWER to respect and execute one of the obligations incumbent upon it pursuant to the Promissory Note or pursuant hereto;
- (b) BORROWER makes a false or inaccurate declaration herein;
- (c) BORROWER does not obtain the release of an Encumbered Asset seized in execution of a judgment, within the (.....) days following the seizure;
- (d) BORROWER does not obtain a release of any means of execution, such as a prior notice of the exercise of a hypothecary right or of another right registered against any Encumbered Asset, even if said measure is the object of a *bona fide* dispute by BORROWER, or if BORROWER does not remedy any failure within the terms of any other hypothec or charge affecting the Encumbered Asset, in the (.....) days of said event; unless LENDER judges that said situation has not for effect to reduce or jeopardize its hypothecary rights and that BORROWER furnishes, in the opinion of LENDER, another sufficient security to pay the total amount of said claim or a potentially valid claim;
- (e) the Change in Control, bankruptcy, liquidation or winding-up, voluntary or forced, of BORROWER;
- (f) BORROWER receives a notice from a current or future guarantor which indicates the termination of all or a part of its obligations pursuant to the Promissory Note or limits said obligations;
- (g) BORROWER ceases to operate its business or any part thereof that LENDER considers of critical importance to BORROWER’S Activities;

0.01.10 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;

0.01.11 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

BORROWER	LENDER