



**GENERAL SECURITY AGREEMENT**

TO: **LEAGUE SAVINGS AND MORTGAGE COMPANY** ("Lender")

(hereinafter called the "**Borrower**"),

for valuable consideration, hereby grants, assigns, transfers, sets over, mortgages and charges to the Lender, as general and continuing security for payment of all Indebtedness, a security interest in all of the property of the kinds described in paragraph 2 below of which the Borrower is now or may hereafter become the owner.

**1. Definitions**

In this Agreement:

- a) "PPSA" means the *Personal Property Security Act* (Nova Scotia), and any Act that may be substituted therefor, as from time to time amended.
- b) "Receivables" means all present and after acquired accounts, demands and choses in action now or hereafter due, owing or accruing due to the debtor, and all proceeds that are present or after acquired personal property, and all contracts, securities, bills, notes, lien notes, judgments, chattel mortgages, mortgages and all other rights and benefits which now are or may hereafter be vested in the Borrower in respect of or as security for any of the said accounts, demands and choses in action, and all books, accounts, invoices, letters, papers and documents in any way evidencing or relating to any of the Collateral, as hereinafter defined.
- c) (i) Limited  

"Indebtedness" means all obligations of the Borrower to the Lender, including but not limited to all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender, whether arising from dealings between the Lender and the Borrower or from other dealings or proceedings by which the Lender may be or become in any manner whatever a creditor of the Borrower and wherever incurred, in any currency, and whether incurred by the Borrower alone or with another or others and whether as principal or surety, plus all interest, commissions, legal and other costs, charges and expenses, including a Ten Dollar (\$10.00) discharge fee to discharge the security interest created herein under the PPSA.
- d) (ii) Limited  

"Indebtedness" means all obligations of the Borrower to the Company including but not limited to all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Company, whether arising from dealings between the Company and the Borrower or from other dealings or proceedings by which the Company may be or become in any manner whatever a creditor of the Borrower and wherever incurred, in any currency, and whether incurred by the Borrower alone or with another or others and whether as principal or surety, limited to the amount of \$ \_\_\_\_\_, plus all interest, commissions, legal and other costs, charges and expenses, including a ten dollar (\$10.00) discharge fee to discharge the security interest created herein under the PPSA.
- e) All words and phrases which are defined in the PPSA and not otherwise defined in this Security Agreement shall have the meanings respectively ascribed to them in the PPSA.

**2. Security Interest**

As security for the payment and performance of all Indebtedness, the Borrower hereby grants to the Lender a continuing security interest in the personal property of the Borrower and in all property of the following kinds now owned or hereafter acquired by the Borrower:

- a) Inventory;
- b) Equipment;
- c) Receivables;
- d) Chattel Paper;
- e) Documents of Title;
- f) All books and papers recording, evidencing or relating to the Receivables, Chattel Paper or Documents of Title, and all securities, bills, notes, instruments or other documents now or hereafter held by or on behalf of the Borrower or any one or more of them with respect to the said Receivables, Chattel Paper or Documents of Title;
- g) All shares, stock, warrants, bonds, debentures, debenture stock or other securities together with renewals thereof, substitutions therefore, accretions thereto and all rights and claims in respect thereof;
- h) All accounts, including deposit accounts in banks, companies, trust companies and similar institutions, debts, demands and choses in action which are now due, owing or accruing due or which may hereafter become due, owing or accruing due to the Borrower, and all claims of any kind which the Borrower now has or may hereafter have;
- i) All intangibles including but not limited to contracts, agreements, options, permits, licenses, consents, approvals, authorizations, orders, judgments, certificates, rulings, insurance policies, agricultural and other quotas, subsidies, franchises, immunities, privileges, and benefits and all goodwill, patents, trademarks, trade names, trade secrets, inventions, processes, copyrights and other industrial or intellectual property;
- j) All personal property specifically listed or otherwise described in Schedule "A" attached hereto;
- k) All of the Borrower's right, title and interest in and to all its present and after acquired personal property of whatever nature or kind, wheresoever situate.

The above named property, whether now owned or hereafter acquired, shall hereinafter be called the "**Collateral**".

### **3.1 Warranties and Covenants**

- a) Except for the security interest granted hereby, the Borrower is (and as to Collateral to be acquired after the date hereby, shall be) the owner of the Collateral free and clear of all liens, charges, claims, encumbrances, taxes or assessments.
- b) Except for Inventory sold or accounts collected in the ordinary course of the Borrower's Property, the Borrower will not sell, offer to sell, transfer, pledge or mortgage the Collateral, nor will the Borrower allow any other security interest in the Collateral in favour of any person other than the Lender, without the prior written consent of the Lender. All proceeds of sales shall be received "In Trust" for the Lender and shall be forthwith paid over to the Lender.
- c) The Borrower shall, during the term of this Agreement, insure and keep insured the Collateral to its full insurable value for fire, theft and such other risks as the Lender may reasonably require, and will, at the request of the Lender, pay such further premium as is necessary to obtain an endorsement that the security interest of the Lender will not be invalidated by any breach of statutory condition. The proceeds in any insurance held pursuant to this paragraph shall be payable to the Lender, and any proceeds of such insurance shall, at the option of the Lender, be applied to the replacement of the Collateral or towards repayment of any Indebtedness of the Borrower or any one or more of them to the Lender. Should the Borrower neglect to maintain such insurance, the Lender may insure, and any premiums paid by the Lender together with interest thereon shall be payable by the Borrower to the Lender upon demand. The Borrower

will deposit a certified copy of such insurance with the Lender on request, or obtain an insurance endorsement in favour of the Lender.

- d) The Borrower shall provide from time to time, upon request from the Lender, written information relating to the Collateral or any part thereof, and the Lender shall be entitled from time to time to inspect the tangible collateral including, without limitation, the books and records referred to in paragraph 2(f) above wherever located. For such purpose, the Lender shall have access to all places where the Collateral or any part thereof is located, and to all premises occupied by the Borrower.
- e) This Agreement has been properly authorized and constitutes a legally valid and binding obligation of the Borrower in accordance with its terms.

**3.2** The Borrower agrees that:

- a) The Borrower shall diligently maintain, use and operate the Collateral and shall carry on and conduct its Property in a proper and efficient manner so as to preserve and protect the Collateral and the earnings, incomes, rents, issues and profits thereof;
- b) The Borrower shall pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall exhibit to the Lender, when required, the receipts and vouchers establishing such payment;
- c) The Borrower shall duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- d) The Borrower shall keep proper books of account in accordance with sound accounting practice, shall furnish to the Lender such financial information and statements and such information and statements relating to the Collateral as the Lender may from time to time require, and the Borrower shall permit the Lender or its authorized agents at any time at the expense of the Borrower to examine all books of account and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom;
- e) The Borrower shall furnish to the Lender such information with respect to the Collateral and the insurance thereon as the Lender may from time to time require and shall give written notice to the Lender of all litigation before any court, administrative board or other tribunal affecting the Borrower or the Collateral;
- f) The Borrower shall defend the title to the Collateral against all persons and shall keep the Collateral free and clear of all security interests, mortgages, charges, liens and other encumbrances except for those disclosed to the Lender in writing prior to the execution of this Agreement or hereafter approved in writing by the Lender prior to their creation or assumption;
- g) The Borrower shall, upon request by the Lender, execute and deliver all such financing statements, certificates, further assignments and documents and do all such further acts and things as may be considered by the Lender to be necessary or desirable to give effect to the intent of this Agreement and the Borrower hereby irrevocably constitutes and appoints the Manager or Acting Manager for the time being of the Branch of the Lender mentioned herein, the true and lawful attorney of the Borrower, with full power of substitution, to do any of the foregoing in the name of the Borrower whenever and wherever the Lender may consider it to be necessary or desirable;
- h) The Borrower shall promptly notify the Lender in writing of any event which occurs that would have a material adverse effect upon the Collateral or upon the financial condition of the Borrower and immediately upon the Borrower's acquisition of rights in any vehicle, mobile home, trailer, boat, aircraft or aircraft engine, shall promptly provide the Lender with full particulars of such Collateral; and
- i) The Borrower will not change its name or the location of its chief executive office or place of Property.

#### 4. Event(s) of Default

Any and all Indebtedness shall, at the option of the Lender and notwithstanding any time or credit allowed by any instrument evidencing a liability, be immediately due and payable without notice or demand upon the occurrence of any of the following events (hereinafter referred to as "Event(s) of Default"):

- a) Default in the payment or performance when due or payable of any Indebtedness;
- b) Default by the Borrower of any obligation or covenant contained herein;
- c) Any warranty, representation or statement made by the Borrower or furnished to the Lender herein, or in the application for any loan, was false in any material respect when made or furnished;
- d) Any loss, theft, damage or destruction of Collateral or of any part of it, or the making of any levy, seizure or attachment thereto or the appointment of a receiver of any part thereof;
- e) If the Borrower does not perform any provisions of this Agreement or of any other agreement to which the Borrower and the Lender are parties;
- f) If the Borrower ceases or threatens to cease to carry on its Property, commits an act of bankruptcy, becomes insolvent, makes an assignment or proposal under the *Bankruptcy and Insolvency Act* (Canada), takes advantage of provisions for relief under the *Companies' Creditors Arrangement Act* (Canada) or any other legislation for the benefit of insolvent debtors, transfers all or substantially all of its assets, or proposes a compromise or arrangement to its creditors;
- g) If the Borrower enters into any reconstruction, reorganization, amalgamation, merger or other similar arrangement;
- h) If any execution, sequestration or any other process of any court becomes enforceable against the Borrower or if any distress or analogous process is levied upon any Collateral;
- i) If the Lender in good faith believes and has commercially reasonable grounds for believing that the prospect of payment or performance of any Indebtedness is or is about to be impaired or that any Collateral is or is about to be in danger of being lost, damaged, confiscated or placed in jeopardy.

#### 5. Remedies

Upon the occurrence of any Event(s) of Default and at any time thereafter, the Lender, at its option, may declare that all Indebtedness secured by this Agreement shall immediately become due and payable, and:

- a) The Lender shall then have all rights and remedies of a secured party under the PPSA.
- b) The Lender shall then be constituted to 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 in his stead. Such receiver so appointed shall have 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. The Lender may from time to time fix the remuneration of such receiver. All monies from time to time received by such receiver shall be paid by him first in discharge of all rents, taxes, rates, insurance premiums and outgoings affecting the Collateral; secondly in payment of his remuneration 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 the Lender as to the Lender seems best; and any residue of such monies so received shall be paid to the Borrower. The Lender in appointing or refraining from appointing such receiver shall not incur any liability to the receiver, the Borrower or otherwise.

- c) The Lender may then collect, realize, sell or otherwise deal with the Receivables or any part thereof in such manner, upon such terms and conditions at such time or times, and without notice to the Borrower, as may seem to it advisable. The Lender 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 the Lender, the Borrower or any other person, firm or corporation in respect of the same. All monies collected or received by the Borrower in respect of the Receivables shall be received as trustee for the Lender and shall be forthwith paid over to the Lender. All monies collected or received by the Lender 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 the Lender seems best or, in the discretion of the Lender, may be released to the Borrower, all without prejudice to the liability of the Borrower or the Lender's right to hold and realize this security.

## **6. Charges and Expenses**

The Lender 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. Such sums shall be a first charge on the proceeds of realization, disposition or collection. The Lender may at its option pay taxes, discharge any encumbrance or charge claimed (whether validly or not) against the Collateral and pay any amount which, in the Lender's sole discretion, it may consider requisite to secure possession of the Collateral with or without litigation or compromise. The Lender may settle any litigation in respect of the Collateral or the possession thereof, and may pay for insurance, repairs and maintenance to the Collateral, and any sum so paid by the Lender shall constitute Indebtedness of the Borrower secured hereunder which the Borrower shall repay on demand.

## **7. Possession of Collateral**

Upon any Event(s) of Default, the Borrower may have possession of the Collateral and enjoy the same subject to the terms hereof. However, whether or not default has occurred, the Lender may at any time request that debtors on the Receivables be notified of the Lender's security interest. Until such notification is made, the Borrower shall continue to collect Receivables but shall hold the proceeds received from collection in trust for the Lender without comingling the same with other funds, and after the Lender gives the Borrower notice of default, the Borrower shall turn the same over to the Lender immediately upon receipt in the identical form received.

## **8. Location of Collateral**

The Collateral, insofar as it consists of tangible property, is now and will hereafter be kept at the place or places, listed in Schedule "A" attached hereto. None of the Collateral shall be removed from such place or places without the written consent of the Lender.

## **9. General**

- a) This Agreement shall be a continuing agreement in every respect.
- b) This Agreement shall be governed by and construed in accordance with the laws of the Province of Nova Scotia.
- c) The Borrower may terminate this Agreement by delivering written notice to the Lender at any time when there is no Indebtedness. No remedy for the enforcement of the rights of the Lender hereunder shall be exclusive of or dependent on any other such remedy and any one or more of such remedies may from time to time be exercised independently or in combination. The security interest created or provided for by this Agreement is intended to attach when this Agreement is signed by the Borrower and delivered to the Lender. For greater certainty it is declared that any and all future loans, advances or other value which the Lender may in its discretion make or extend to or for the account of the Borrower or of any one or more of them shall be secured by this Agreement. If more than one person executes this Agreement, their obligations hereunder shall be joint and several.

- d) In construing the Agreement, the word "Borrower" and the personal pronouns "he" or "his" and any verb relating thereto shall be read and construed as the number and gender of the parties signing this Agreement may require.
- e) The Lender may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Borrower, debtors of the Borrower, sureties and others, and with the Collateral and other securities, as the Lender may see fit and without prejudice to the liability of the Borrower or the Lender's right to hold and realize this security.
- f) Nothing in this Agreement shall obligate the Lender to make any loan or accommodation to the Borrower or extend the time for repayment or satisfaction of the Indebtedness.
- g) Any failure by the Lender to exercise any right set out in this Agreement shall not constitute a waiver thereof and nothing in this Agreement or in the Indebtedness secured by this Agreement shall preclude any other remedy by action or otherwise for the enforcement of this Agreement or the payment in full of the Indebtedness secured by this Agreement.
- h) All rights of the Lender under this Agreement shall enure to the benefit of its successors and assigns and all obligations of the Borrower under this Agreement shall bind the Borrower, his heirs, executors, administrators, successors and assigns.

The Borrower hereby acknowledges receipt of an executed copy of this Agreement and waives the right to receive a verification statement regarding registration of the security interest created herein under the PPSA.

**[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]**

**SIGNED AND DELIVERED** this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

PROVINCE OF \_\_\_\_\_

**(Borrower)**

\_\_\_\_\_

\_\_\_\_\_  
Witness

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE "A"**

1. **General Collateral** (other than serial numbered goods)

A security interest is taken in all of the debtor's present and after-acquired personal property, including proceeds located at or relating to the property known as \_\_\_\_\_.

Detail below exactly what asset the Lender is taking a security interest in and record the serial number, if any.

2. **Serial Numbered Goods** (motor vehicle, trailer, mobile home, aircraft, boat or an outboard motor for a boat)

Asset	Serial Number
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. **Location of Collateral**