

GENERAL SECURITY AGREEMENT
(SITE SPECIFIC)

This Agreement made as of the • day of •, 20• (the “Agreement”)

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION
(hereinafter, the “Secured Party”)
OF THE FIRST PART

-and-

●
(hereinafter, the “Debtor”)
OF THE SECOND PART

WITNESSES THAT:

WHEREAS the Secured Party has agreed to make a loan (the "Loan") to the Debtor pursuant to a commitment letter dated • and accepted •, as amended (the "Commitment Letter") and secured by a first mortgage and charge (the "Mortgage") of certain lands and premises known as • (the "Property");

AND WHEREAS the Debtor has agreed to grant to the Secured Party a security interest in and an assignment, mortgage and charge of the Collateral (as defined in Section 2.01) to secure the Indebtedness;

NOW THEREFORE in consideration of the Secured Party making the Loan to the Debtor and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree as follows.

ARTICLE ONE -INTERPRETATION

1.01 **Interpretation and Construction.** In this Agreement, unless something in the subject matter or context is inconsistent therewith, "PPSA" means the Personal Property Security Act (Ontario) (or if the Property is not located in the Province of Ontario the equivalent legislation in the province in which the Property is located) as now enacted, or as the same may from time to time be amended, re-enacted or replaced, and the terms "accessions", "accounts", "chattel paper", "documents of title", "equipment", "goods", "instruments", "intangibles", "inventory", "money", "proceeds" and "securities" whenever used herein have the meanings given to those terms in the PPSA.

ARTICLE TWO -GRANT OF SECURITY INTEREST

2.01 **Security Interest.** As general and continuing security for the payment and performance of all Indebtedness by the Debtor to the Secured Party, the Debtor hereby grants to the Secured Party a security interest in all the present and future undertaking and property, both real and personal, of the Debtor, or any party comprising the Debtor, comprising, located at, arising from, or otherwise relating to the Property (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Indebtedness, the Debtor hereby assigns the Collateral to the Secured Party and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to the Secured Party. Without limiting the generality of the foregoing, the Collateral will include all right, title and interest that the Debtor, or any party comprising the Debtor, now has or may hereafter have, in all property of the following kinds comprising, located at, arising from or otherwise relating to the Property:

- (a) **Accounts Receivable:** all debts, accounts, claims and choses in action for monetary amounts which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
- (b) **Equipment:** all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which are not inventory (collectively, the "Equipment");
- (c) **Money:** all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
- (d) **Books, Records etc.:** all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in this Section 2.01 and all contracts, securities, instruments and other rights and benefits in respect thereof;

- (e) **Agreements:** all material agreements relating to the Property or the management or operation thereof and all rights and benefits in respect thereof;
- (f) **Licenses:** all permits, consents, licenses, authorizations and other approvals granted by any governmental authority or public utility in respect of the Property (a “**License**”) and all rights and benefits in respect thereof;
- (g) **Substitutions:** all replacements of, substitutions for and increases, additions and accessions to any of the property described in this Section 2.01; and
- (h) **Proceeds:** and all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral.

Provided that the said security interest, assignment, mortgage and charge will not (i) extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Debtor, but should the Secured Party enforce the said security interest, assignment, mortgage or charge, the Debtor will thereafter stand possessed of such last day and shall hold it in trust to assign the same to any Person acquiring such term in the course of the enforcement of the said assignment and mortgage and charge, or (ii) render the Secured Party liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Debtor is a party or by which it is bound. Without limiting the foregoing, the Collateral shall include, and the security interest granted hereby shall attach to, all present and future right, title, estate and interest of any beneficial owner of the Property in the Collateral.

2.02 **Attachment of Security Interest.** The Debtor acknowledges that value has been given and agrees that the security interest granted hereby will attach when the Debtor signs this Agreement and the Debtor has any rights in the Collateral. There is no agreement between the parties hereto, express or implied, to postpone the attachment of the assignment and security interest granted hereby.

2.03 **No Need for Consent.** The Debtor represents to the Secured Party that none of the Collateral in existence on the date hereof (i) is incapable of being assigned or otherwise secured in favour of the Secured Party in accordance with the provisions of this Agreement, (ii) is incapable of further assignment by the Secured Party after default under the Loan or otherwise, or (iii) requires the consent of any third party to the security interest, assignment, mortgage and charge granted hereby, except for any consent that has already been obtained.

ARTICLE THREE -COVENANTS OF THE DEBTOR

- 3.01 **Covenants.** Without limiting other covenants, obligations and liabilities of the Debtor under the Loan Documents, the Debtor covenants with the Secured Party that the Debtor shall:
- (a) defend the Collateral against all actions, proceedings and claims made by all Persons at any time;
 - (b) not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession, other than to the Property;
 - (c) 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 become due and payable, and deliver to the Secured Party, when required, the receipts and vouchers establishing such payment;
 - (d) observe and perform all the obligations imposed upon the Debtor by the Collateral (including performance of its obligations under any material agreement, permit or license);
 - (e) maintain the Collateral in good standing and not do or permit to be done anything that would impair the validity or enforceability thereof, and promptly deliver to the Secured Party notice of any default by the Debtor pursuant to any of the Collateral upon becoming aware of the occurrence of such default;
 - (f) not amend, modify or terminate any material agreement or License without the prior written consent of the Secured Party;
 - (g) obtain and maintain, at its own expense, insurance against loss or damage to the Collateral as required by the Mortgage;
 - (h) except as otherwise permitted by the Mortgage, not transfer all or any part of the Collateral or create, incur or permit to exist (by operation of law or otherwise) any lien on the Collateral or any part thereof (except for the mortgage security and any liens expressly permitted by the Mortgage);
 - (i) not change its name or the location of its chief executive office or the location of the office where it keeps its records respecting the Receivables without prior written notice to the Secured Party;
 - (j) not move any of the Collateral from the Property, except for any Equipment which has served its useful life and which the Debtor is replacing with a similar item of equal or greater value;
 - (k) pay to the Secured Party forthwith upon demand all costs incurred by or on behalf of the Secured Party in connection with preparing, executing and delivering this Agreement, protecting and preserving the security interest, assignment and mortgage and charge granted hereby and enforcing by legal process or

otherwise any of its rights and remedies provided herein, (all such costs will be added to and form part of the indebtedness under the Mortgage and shall be secured by the Mortgage); and

- (l) from time to time at the request of the Secured Party execute and deliver all such financing statements, schedules, assignments and documents, and do all such further acts and things as may be reasonably required by the Secured Party to effectively carry out the full intent and meaning of this Agreement or to better evidence and perfect the security interest, assignment and mortgage and charge granted hereby, and the Debtor hereby irrevocably constitutes and appoints the Secured Party as the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever the Secured Party may consider it to be necessary or expedient.

ARTICLE FOUR -DEALING WITH COLLATERAL

4.01 **No Liability for Loss.** The Secured Party may perform any of its rights and duties hereunder by or through agents and is entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its rights and duties hereunder. In the holding or dealing with any of the Collateral or in the exercise of any right or remedy granted herein, the Secured Party and any nominee on its behalf shall have no liability for, and the Debtor hereby agrees to indemnify and save harmless the Secured Party from and against, any loss, damage, liability, cost or expense of any nature or kind incurred by the Debtor or any other person excluding only any loss or damage arising directly from the Secured Party's gross negligence or wilful misconduct.

4.02 **Notification of Account Debtors.** Prior to an Event of Default, the Secured Party may give notice of this Agreement and the security granted hereby to any account debtors of the Debtor or to any other Person liable to the Debtor and, after an Event of Default occurs, may give notice to any such account debtors or other Persons to make all further payments to the Secured Party. Whether or not any such notice is given by the Secured Party, the Collateral and all payments or other proceeds thereof received by the Debtor from account debtors or from any other Persons liable to the Debtor (whether before or after any notice is given by the Secured Party) shall be and remain subject to the security granted hereby and shall be held by the Debtor in trust for the Secured Party and paid over to the Secured Party on request. Nothing herein shall release, discharge, postpone, reassign, amend or otherwise affect the security of the Secured Party in and to the Collateral and the immediate attachment thereof.

4.03 **Application of Funds.** All money collected or received by the Secured Party in respect of the Collateral may be applied on account of such parts of the indebtedness under the Loan as the Secured Party in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Secured Party may be released to the Debtor, all without prejudice to the Secured Party's rights against the Debtor.

ARTICLE FIVE -REMEDIES

5.01 **Remedies.** Upon and after default under the Mortgage, (i) all monies owing under the Mortgage will, at the option of the Secured Party, become immediately due and payable or be subject to immediate performance, as the case may be, (ii) any or all security granted hereby will, at the option of the Secured Party, become immediately enforceable, and (iii) in addition to any other right or remedy, which the Secured Party may have at law or under the Mortgage or any other security document, the Secured Party will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently or both:

- (a) the Secured Party may appoint, by written instrument, a receiver or receiver and manager (each herein referred to as the "**Receiver**") of the Collateral (which term when used in this Section will include the whole or any part of the Collateral) and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral; and the term "**Secured Party**" when used in this Section will include any Receiver so appointed and the agents, officers and employees of such Receiver; the Secured Party will not be in any way responsible for any misconduct or negligence of any such Receiver;
- (b) the Secured Party may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;
- (c) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
- (d) the Secured Party may enforce any right of the Debtor in respect of the Collateral in any manner permitted by law;
- (e) the Secured Party may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to the Debtor unless required by law;
- (f) the Secured Party may accept the Collateral in satisfaction of the indebtedness upon written notice to the Debtor of its intention to do so in the manner required by law;
- (g) the Secured Party may, for any purpose specified herein, borrow money on the security of the Collateral in priority to the security interest, assignment and mortgage and charge granted by this Agreement;

- (h) the Secured Party may enter upon, occupy and use all or any of the Property and use all or any of the Equipment and other personal property of the Debtor for such time as the Secured Party requires to facilitate the realization of the Collateral, free of charge, and the Secured Party will not be liable to the
- (i) Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions except for any damages incurred by the Debtor arising from the Secured Party's gross negligence or wilful misconduct;
- (j) the Secured Party may charge on its own behalf and pay to others all reasonable amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Secured Party hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith, including interest thereon at the interest rate payable under the Mortgage will be added to and form part of the indebtedness secured by the Mortgage and shall be secured by the Mortgage;
- (k) the Secured Party may discharge, settle any lien or any action, proceeding or other claim that may exist or be threatened against the Collateral, and in every such case the reasonable amounts so paid together with reasonable costs, charges and expenses incurred in connection therewith will be added to the indebtedness secured by the Mortgage and will be secured by the Mortgage; and
- (l) if the Property requires any License to operate the Debtor's business thereon, the Secured Party may use, surrender or arrange the revocation, transfer, assignment or reissuance of any such License or Licenses, as permitted by law to such person or persons as the Secured Party may designate.

The Secured Party may grant extensions of time, take and perfect or abstain from taking and perfecting security, give up securities, accept compositions or compromises, grant releases and discharges, and release any part of the Collateral or otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party sees fit without prejudice to the liability of the Debtor to the Secured Party or the Secured Party's rights hereunder. The Secured Party will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, in respect of the Collateral. The Secured Party may apply any proceeds of realization of the Collateral to payment of expenses in connection with the preservation and realization of the Collateral as above described and the Secured Party may apply any balance of such proceeds to payment of the indebtedness in such order as the Secured Party may determine in its sole discretion.

ARTICLE SIX -GENERAL

6.01 **Entire Agreement.** There are no understandings and agreements between the parties concerning the subject matter of this Agreement, except as set forth in this Agreement and the other documents related to the Loan. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Secured Party and the Debtor concerning the subject matter hereof except as expressly set forth in this Agreement or in the other documents related to the Loan.

6.02 **Amendments and Waivers.** No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. No delay or failure by the Secured Party in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

6.03 **Power of Attorney.** The Debtor hereby irrevocably constitutes and appoints any officer for the time being of the Secured Party or of any assignee of the Secured Party the true and lawful attorney of the Debtor, with full power of substitution, upon the occurrence of an Event of Default that is continuing, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever the officer may deem reasonably necessary or expedient and from time to time to exercise all rights and powers and to perform all acts of ownership in respect to the Collateral in accordance with this Agreement.

6.04 **Additional Continuing Security and Discharge.** This Agreement and the security granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party and this Agreement is a continuing agreement and security that will remain in full force and effect until discharged of the Mortgage. A discharge of the Mortgage shall operate automatically as a discharge of this Agreement without need for further documentation.

6.05 **Further Assurances.** The Debtor shall at its reasonable expense from time to time do, execute and deliver, or cause to be done, executed and delivered, all such financing statements, further assignments, documents, acts, matters and things as may be reasonably requested by the Secured Party for the purpose of giving effect to this Agreement or for the purpose of establishing compliance with the representations, warranties and covenants herein contained.

6.06 **Severability.** If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

6.07 **Successors and Assigns.** This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and permitted

assigns. The rights of the Secured Party under this Agreement may be assigned by the Secured Party in conjunction with an assignment of the Mortgage without prior notice to or consent of the Debtor. The Debtor may not assign its obligations under this Agreement.

6.08 **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the Province in which the Property is are situate and the laws of Canada applicable therein.

6.09 **Executed Copy.** The Debtor acknowledges receipt of a fully executed copy of this Agreement.

6.10 **Waiver of Right to Receive Copy of Registration.** To the extent permitted by law, the Debtor waives any right to receive a copy of any financing statement, financing change statement or other registration in connection with this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement.

Date of Execution

•
Per: _____ c/s

Name:
Title:

Per: _____
Name:
Title:

We have authority to bind the Corporation.

Address Of Debtor:

•

Location of Chief Executive Office:

•

Location of Business Records:

•

