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|  | SECURITY AGREEMENT (Specific property) |

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| GRANTED BY: |  | |
|  | | (hereafter called the “Debtor”) |
| TO NATIONAL BANK OF CANADA (hereafter called the “Bank”). | | |

**1. GRANT OF SECURITY INTEREST**

**1.1 Security Interest**

The Debtor hereby grants to the Bank a security interest in, and also mortgages to the Bank, all right, title and interest that the Debtor now has or may hereafter have or acquire in the following property (collectively, the “Collateral”):

(a) Original Collateral: all property described or referred to in Schedule A under the heading “Original Collateral” (collectively, the “Original Collateral”);

(b) Records: all books, documents and other records in any form relating to the Collateral;

(c) Substitutions: all replacements of, spare parts for, accessories, additions and accessions to the Collateral; and

(d) Proceeds: all proceeds of any Collateral that are goods, securities, instruments, documents of title, chattel paper, intangibles, money, crops or licenses or that indemnifies or compensates for the loss of or damage to the Collateral.

**1.2 Obligations Secured**

The Debtor acknowledges that the security granted hereby to the Bank will secure:

(a) the loan(s) or other obligation(s) referred to in Schedule A; and

(b) all other debts and liabilities, present and future, direct and indirect, absolute and contingent, matured and not, whenever and howsoever incurred, at any time owing by the Debtor to the Bank or remaining unpaid by the Debtor to the Bank, (collectively, the “Obligations”).

(c) Any reference to “Debtor” refers to the undersigned, if one, or to each undersigned, if more than one. When the term “Debtor” designates more than one person, each one shall be jointly and severally liable for the obligations stipulated herein.

**1.3 Attachment of Security**

The Debtor acknowledges that value has been given and agrees that the security granted hereby attaches upon the execution of this Agreement (or, in the case of any after-acquired property, at the time of acquisition by the Debtor of any right therein).

**2. REPRESENTATIONS, WARRANTIES AND COVENANTS**

**2.1 Representations and Warranties**

The Debtor hereby represents and warrants to the Bank that:

(a) the principal residence of the Debtor is located at the address specified in Schedule A; for the purposes of the Ontario and the British Columbia *Personal Property Security Act*, the Debtor is governed by the law of the jurisdiction specified in Schedule A, if applicable;

(b) the Original Collateral is located at the address specified in Schedule A;

(c) the Original Collateral will be used by the Debtor primarily for personal, household or family purposes;

(d) the lease entered into in respect of the land on which the Collateral is located (the "lease") is valid and the Debtor has good leasehold title;

(e) the lease is owned by the Debtor subject only to those charges and encumbrances that are registered in the land title office at the time the Debtor signs this agreement; and

(f) the Debtor has complied with all of its covenants and obligations and has paid all rent due and payable under the lease, and the lease is not in default.

**2.2 Covenants**

The Debtor covenants with the Bank that the Debtor will:

(a) use the loan granted by the Bank for the purchase, financing or refinancing of the Original Collateral;

(b) not move any of the Original Collateral from the location specified in Schedule A, without the written consent of the Bank;

(c) not change its name without first giving written notice to the Bank of its proposed new name;

(d) preserve the value of the Collateral;

(e) keep the Collateral free and clear of all liens, security interests, mortgages, charges, assignments and other encumbrances or interests except as permitted in writing by the Bank;

(f) pay all taxes, levies, assessments and government fees or dues payable in respect of the Collateral as and when the same become due, and furnish to the Bank, when requested, evidence of such payment;

(g) whenever requested by the Bank, furnish to the Bank in writing all information relating to the Collateral, permit the Bank to inspect the Collateral and for such purposes allow the Bank to have access to premises where the Collateral may be found;

(h) comply with the lease and not do anything that would cause the lease to be terminated;

(i) ensure that the lease is maintained in good standing at all times and that it is renewed until the Obligations are performed or paid in full;

(j) not amend, assign, terminate or waive the lease without the written consent of the Bank;

(k) immediately notify the Bank of any notice the Debtor receives from the landlord, including any notice of termination or non-renewal of the lease;

(l) ensure that the security granted hereby is at all times fully enforceable and perfected in respect of the Collateral; and

(m) pay to the Bank forthwith upon demand all costs, fees and expenses (including, without limitation, all legal, receiver’s, consulting and accounting fees and expenses) incurred or charged by the Bank in connection with the preparation, perfection, administration and discharge of this Agreement and the preservation and exercise of the rights, powers and remedies of the Bank; and all such costs, fees and expenses will bear interest at the highest rate borne by any of the Obligations and will form part of the Obligations.

**2.3 Schedule**

Each schedule referred to in this Agreement and attached hereto shall form part of this Agreement. Any subsequent modifications to a schedule will be deemed to replace and supersede the earlier version and form part of this Agreement.

**3. INSURANCE**

**3.1 Insurance Covenant**

The Debtor must obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limitation, loss by fire, theft and such other risks as are customarily insured against for this type of property, in an amount not less than the full insurable value thereof, with such insurers as are acceptable to the Bank.

**3.2 Bank loss payee**

All insurance policies must name the Bank as an additional insured and loss payee and must provide that the insurer will give the Bank at least 15 days written notice of intended cancellation or non-renewal. At the Bank’s request, the Debtor must furnish the Bank with evidence satisfactory to the Bank that the required insurance coverage is in effect. The Debtor must forthwith give the Bank notice of any loss or damage to the Collateral.

**4. DEALING WITH COLLATERAL**

**Disposition of Collateral by the Debtor**

The Debtor must not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of the Bank.

**5. DEFAULT AND REMEDIES**

**5.1 Events of Default**

The Debtor will be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an “Event of Default”):

(a) the Debtor does not pay to the Bank when payable any sum owing under the Obligations;

(b) the Debtor does not perform any of its obligations under this Agreement or is in default under any other agreement with the Bank;

(c) any representation or warranty made by the Debtor herein or in any document provided at any time to the Bank in connection with this Agreement is incorrect or misleading in any material respect;

(d) the Debtor is insolvent or bankrupt or the Debtor ceases or threatens to cease to carry on the business currently being carried on by it;

(e) a trustee, receiver, custodian, liquidator or any other person with similar powers is appointed with respect to the Debtor or the Collateral or any part thereof; or

(f) the Collateral or any part thereof is seized or otherwise attached or is subject to a taking of possession by anyone.

**5.2 Consequences of a Default**

On or after the occurrence of any Event of Default, at the option of the Bank, (if) any or all of the Obligations not yet payable will become immediately payable, without notice; (ii) the obligation, if any, of the Bank to extend further credit to the Debtor will cease; and (iii) the security granted hereby or any other security granted by the Debtor to secure the Obligations will become immediately enforceable.

**5.3 Remedies**

In addition to any right or remedy otherwise provided herein or by law, on or after the occurrence of any Event of Default, the Bank will have the rights and remedies set out below, all of which may be enforced successively or concurrently:

(a) the Bank may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Bank at such places as may be specified by the Bank;

(b) the Bank may take such steps as it considers desirable to maintain, preserve or protect the Collateral;

(c) the Bank may enforce any rights of the Debtor in respect of the Collateral;

(d) the Bank 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 Bank may determine and without notice to the Debtor unless required by law;

(e) the Bank may accept the Collateral in total or partial satisfaction of the Obligations in the manner provided by law.

**5.4 Liability of Bank**

The Bank 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 Bank, the Debtor or any other person in respect of the Collateral. This Agreement and the security granted hereby will not render the Bank liable to observe or perform any covenant or obligation of the Debtor in any agreement or document to which the Debtor is a party or by which it is bound. In the exercise of its rights and the performance of its obligations, the Bank will only be liable for gross negligence or wilful misconduct.

**5.5 Proceeds of Realization**

The Bank may apply any proceeds of realization of the Collateral to payment of costs, fees and expenses mentioned in Section 2.2(j), including those related to the realization of the Collateral, and the Bank may apply any balance to payment of all other Obligations in such order as the Bank sees fit. If there is any surplus remaining, the Bank may pay it to any person entitled thereto by law of whom the Bank has knowledge and any balance remaining may be paid to the Debtor. If the realization of the Collateral fails to satisfy the Obligations, the Debtor will be liable to pay any deficiency to the Bank.

**6. GENERAL**

**6.1 Failure of Debtor to Perform**

If the Debtor fails to perform any of its covenants or obligations under this Agreement, the Bank may, in its absolute discretion, but without being required to do so, perform any such covenant or obligation. If any such covenant or obligation requires the payment of monies, the Bank may make such payment. All sums so paid by the Bank will immediately be payable by the Debtor to the Bank and, for greater certainty, Section 2.2(m) will apply to such sums. No such performance or payment will relieve the Debtor from any default under this Agreement.

**6.2 Power of Attorney**

The Debtor hereby irrevocably appoints the Bank to be the attorney of the Debtor for and in the name of the Debtor to do all things and execute and deliver, documents, financing statements, demands and assignments which the Debtor is obliged to do or execute or deliver hereunder and generally to act in the name of the Debtor in the exercise of any of the powers hereby conferred on the Bank.

**6.3 Waivers by Debtor**

The Bank may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up any security, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) otherwise waive rights against the Debtor, debtors of the Debtor, guarantors and others and with respect to the Collateral and other security as the Bank sees fit. No such action or omission will reduce the Obligations or affect the Bank’s rights hereunder.

**6.4 Waivers of Legal Limitations**

To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provisions of any law which imposes limitations upon the powers, rights or remedies of a secured party, including any law which limits the rights of a secured party to both seize collateral and sue for any deficiency following realization of collateral.

**6.5 Copy of Documents and Consent to Filings**

The Debtor acknowledges having received a copy of this Agreement and waives all rights to receive from the Bank a copy of any financing statement, financing change statement, or verification statement, filed or issued at any time in respect of this Agreement. The Debtor confirms its consent to the filing by the Bank or on its behalf of any such financing statement or financing change statement.

**6.6 Additional Security and Other Remedies**

This Agreement and the security granted hereby are in addition to and not in substitution for any other security or right now or hereafter held by the Bank. This Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Bank. The Bank may sue the Debtor and enforce all of its other rights and remedies in respect of the Obligations without being required to exercise or exhaust any of its rights and remedies hereunder.

**6.7 Further Assurances**

The Debtor must at its expense do all things and execute and deliver all such financing statements, further assignments and documents as may be reasonably requested by the Bank for the purpose of giving effect to this Agreement and establishing compliance with the obligations of the Debtor hereunder.

**6.8 Discharge**

The Debtor will be entitled to a discharge of this Agreement upon written request by the Debtor and full payment and performance of the Obligations. No discharge will be effective unless in writing and executed by the Bank.

**6.9 Severability**

If any provision of this Agreement were to be found invalid or unenforceable, the remaining terms and provisions of this Agreement will remain in full force and effect.

**6.10 Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the province in which the office of the Bank specified below is located, except that if such office is located in the province of Quebec, then this Agreement will be governed by and construed in accordance with the laws of the province of Ontario.

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|  |  | **X** |
| Date (YYYY-MM-DD) |  | Signature of borrower (1)  First and last name of borrower (1): |
|  |  | **X** |
| Date (YYYY-MM-DD) |  | Signature of borrower (2)  First and last name of borrower (2): |
|  |  | **X** |
| Date (YYYY-MM-DD) |  | Signature of borrower (3)  First and last name of borrower (3): |
|  |  | **X** |
| Date (YYYY-MM-DD) |  | Signature of borrower (4)  First and last name of borrower (4): |
|  |  | **X** |
| Date (YYYY-MM-DD) |  | Signature of borrower (5)  First and last name of borrower (5): |

**SCHEDULE A**

To a Security Agreement made as of         
between       ,   
as Debtor, and National Bank of Canada, as Bank.

1. **ORIGINAL COLLATERAL (Section 1.1(a))**

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1. **DETAILS OF THE LOAN(S) OR OTHER OBLIGATION(S) (Section 1.2(a))**

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| --- |
| Description of the Loan(s) or other obligation(s) |

1. **ADDRESS OF RESIDENCE (Section 2.1(a))**

Principal residence:

1. **LOCATION OF ORIGINAL COLLATERAL (Section 2.1(b))**

Address(es):