

# GENERAL SECURITY AGREEMENT

## Consumer

TO: ATB Financial  
("ATB")

BRANCH:

FROM:

("the Debtor")

### 1. DEFINITIONS

All capitalized terms used in this Agreement and in any schedules attached hereto shall, except where defined herein, be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of Alberta, as in force at the date of this Agreement, which Act including amendments thereto and any Act substituted therefor and amendments thereto is herein defined as the "PPSA".

### 2. SECURITY INTEREST

As continuing security for the payment and performance of all debts, liabilities and obligations of the Debtor to ATB howsoever arising (present and future, absolute and contingent, direct and indirect) (the "**Indebtedness**") the Debtor grants, assigns, mortgages, pledges and charges, as and by way of a specific mortgage, pledge and charge, and grants a Security Interest to and in favour of ATB in all Personal Property referred to in Schedule "A" and in all Proceeds and renewals thereof, Accessions thereto and substitutions therefor (the "**Collateral**"). The Debtor warrants and acknowledges to and in favour of ATB that:

- (a) the parties intend the Security Interest hereby constituted in its existing property to attach upon execution and delivery hereof;
- (b) the parties intend the Security Interest created in after-acquired property of the Debtor to attach at the same time as it acquires rights in the said after-acquired property; and
- (c) value has been given.

### 3. CONTINUOUS INTEREST

The mortgage, pledge, charge and Security Interest hereby created shall be a continuous charge notwithstanding the Indebtedness may be fluctuating and even may from time to time, and at any time, be reduced to a nil balance and notwithstanding monies advanced may be repaid and future advances made to or to the order of the Debtor or in respect of which the Debtor is liable.

### 4. AUTHORIZED DEALING WITH COLLATERAL

The Debtor will not dispose of any of the Collateral without the prior written consent of ATB, and will not create or incur any Security Interest, lien, assessment or encumbrance upon any of the Collateral which ranks or purports to rank, or is capable of being enforced in priority to or equally with the Security Interest granted under this Agreement.

If the Collateral compromises any Security, Chattel Paper, Instruments, Money or Documents of Title, the Debtor will, upon request, deliver the same to ATB and will allow ATB to retain possession of the same.

### 5. REPRESENTATIONS AND WARRANTIES OF THE DEBTOR

The Debtor hereby represents and warrants with ATB that:

- (a) The Collateral is owned by the Debtor free of all Security Interests, mortgages, liens, claims, charges or other encumbrances (hereinafter collectively called "**Encumbrances**"), save for those Encumbrances shown on Schedule "B" hereto;
- (b) There is no litigation, proceeding or dispute pending, or to the knowledge of the Debtor threatened, against or affecting the Debtor or the Collateral, the adverse determination of which might materially and adversely affect the Debtor's financial condition or operations or impair the Debtor's ability to perform its obligations hereunder;
- (c) The names of the Debtor are accurately and fully set out above, and the Debtor is not known by any other names;
- (d) The Collateral is located in the Province of Alberta unless otherwise indicated on Schedule "A" hereto;

- (e) The Collateral, except as previously communicated to ATB in writing, does not consist of Goods that are of a kind that are normally used in more than one jurisdiction.

## 6. COVENANTS OF THE DEBTOR

The Debtor hereby covenants with ATB that:

- (a) The Debtor owns and will maintain the Collateral free of Encumbrances, except those described in Schedule "B" hereto, or hereafter approved in writing by ATB prior to their creation or assumption and will defend title to the Collateral for the benefit of ATB against the claims and demands of all persons;
- (b) The Debtor will maintain the Collateral in good condition and repair and will not allow the value of the Collateral to be impaired and will permit ATB or such person as ATB may from time to time appoint to enter into any premises where the Collateral may be kept to view its condition;
- (c) The Debtor will punctually pay all rents, taxes, rates and assessments lawfully assessed or imposed upon the Collateral;
- (d) The Debtor will immediately give notice to ATB of:
  - (i) any change in the location of the Collateral;
  - (ii) any material loss of or damage to the Collateral;
  - (iii) the details of any claims or litigation affecting materially the Debtor or the Collateral; and
  - (iv) any change of its name;
- (e) The Debtor will insure and keep insured against any loss or damage by fire, lightning, explosion, smoke, impact by aircraft or land vehicle, riot, windstorm, hail, and other insurable hazards as may be required by ATB the Collateral to the extent of its full insurable value, and will maintain all such other insurance as ATB may reasonably require. The loss under the policies of insurance will be made payable to ATB as its interest may appear and will be written by an insurance company approved by ATB in terms satisfactory to ATB and the Debtor will provide ATB with copies of the same. The Debtor will pay all premiums and other sums of money necessary for such purposes as they become due and deliver to ATB proof of said payment, and will not allow anything to be done by which the policies may become vitiated. Upon the happening of any loss or damage the Debtor will furnish at the Debtor's expense all necessary proofs and will do all necessary acts to enable ATB to obtain payment of the insurance monies;
- (f) ATB may pay or satisfy any Encumbrance created in respect of the Collateral, or any sum necessary to be paid to clear title to such Collateral, and the Debtor agrees to repay the same on demand, plus interest thereon at a rate equal to the highest rate of interest payable by the Debtor on any portion of the indebtedness;
- (g) The Debtor will not remove any of the Collateral from Alberta or the province described in Schedule "A" hereto without the prior written consent of ATB;
- (h) The Debtor will not permit the Collateral to become affixed to real or other Personal Property without the prior consent of ATB in writing, and will obtain and deliver to ATB such waivers regarding the Collateral as ATB may reasonably request from any owner, landlord or mortgagee of the premises.

## 7. DEFAULT

The happening of any of the following shall constitute default (a "**Default**") under this Agreement:

- (a) The Debtor fails to pay, when due, the Indebtedness or any part thereof or to perform when due any other obligation to ATB;
- (b) Any representation or warranty made in this Agreement or any other document or report furnished to ATB in respect of the Debtor or the Collateral proves to have been or to have become false or materially misleading;
- (c) The Debtor becomes insolvent or makes an assignment or proposal for the benefit of the Debtor's creditors, or a bankruptcy application or bankruptcy order is filed or made against the Debtor, or a Receiver (as hereinafter defined) of the Debtor or any part of its property is appointed, or the Debtor commits or demonstrates an intention to commit any act of bankruptcy, or the Debtor otherwise becomes subject to the provisions of the Bankruptcy and Insolvency Act or any other Act for the benefit of the Debtor's creditors;
- (d) Any execution, sequestration, extent or distress or any other like process is levied or enforced against the Collateral or any part thereof, or a Secured Party takes possession of any of the Collateral.

## 8. REMEDIES

On Default:

- (a) ATB may seize or otherwise take possession of the Collateral or any part thereof and sell the same by public or private sale at such price and upon such terms as ATB in its sole discretion may determine and the proceeds of such sale less all costs and expenses of ATB (including costs as between a solicitor and its own client on a full indemnity basis) shall be applied on the Indebtedness and the surplus, if any, shall be disposed of according to law;
- (b) ATB has the right to enforce this Agreement by any method provided for in this Agreement and as permitted by law, and to dispose of the Collateral by any method permitted by law, including disposal by lease or deferred payment;
- (c) ATB may appoint any person or persons, to be a Receiver (as hereinafter defined) of any Collateral, and may remove any person so appointed and appoint another in his stead. The term "**Receiver**" as used in this Agreement includes a receiver, a manager and a receiver-manager;
- (d) Any Receiver will have the power:
  - (i) To take possession of any Collateral and for that purpose to take any proceedings, in the name of the Debtor or otherwise;
  - (ii) To sell or lease the Collateral;

- (iii) To make any arrangement or compromise which he may think expedient in the interest of ATB;
  - (iv) To pay all liabilities and expenses connected with the Collateral, including the cost of insurance and payment of taxes or other charges incurred in obtaining, maintaining possession of and preserving the Collateral, and the same shall be added to the Indebtedness and secured by the Collateral;
  - (v) To hold as additional security any increase or profits resulting from the Collateral;
  - (vi) To exercise all rights that ATB has under this Agreement or otherwise at law;
  - (vii) With the consent of ATB in writing, to borrow money for the purpose of carrying on the business of the Debtor or for the maintenance of the Collateral or any part thereof or for other purposes approved by ATB, and any amount so borrowed together with interest thereon shall form a charge upon the Collateral in priority to the Security Interest created by this Agreement;
  - (viii) To enter into and to occupy any premises in which the Debtor has any interest.
- (e) The Debtor hereby appoints each Receiver appointed by ATB to be its attorney to effect sale or lease of any Collateral and any deed, lease, agreement or other document signed by a Receiver under his seal pursuant hereto will have the same effect as if it were under the seal of the Debtor;
- (f) Any Receiver will be deemed to be the agent of the Debtor, and the Debtor will be solely responsible for his acts or defaults and for his remuneration and expenses, and ATB will not be in any way responsible for any misconduct or negligence on the part of any Receiver;
- (g) Neither ATB nor the Receiver or any bailiff or agent appointed by ATB will be required to take any steps to preserve any rights against other parties pursuant to any Chattel Paper, Security, or Instrument constituting the Collateral or any part of it;
- (h) Neither ATB nor the Receiver or any bailiff or agent appointed by ATB is required to keep the Collateral identifiable;
- (i) ATB may use the Collateral in any manner as it in its sole discretion deems advisable.

## 9. SECURITIES

If Collateral at any time includes Securities, the Debtor irrevocably authorizes ATB to transfer the same or any part thereof into its own name or that of its nominee(s) so that ATB or its nominee(s) may appear on record as the sole owner thereof; provided that, until Default, ATB shall deliver promptly to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or the Debtor's order a proxy to vote and take all action with respect to such Securities. After Default, the Debtor waives all rights to receive any notices or communications received by ATB or its nominee(s) as such registered owner and agrees that no proxy issued by ATB to the Debtor or to its order as aforesaid shall thereafter be effective.

## 10. COLLATERAL IN POSSESSION OF ATB

Collateral held in possession of ATB pursuant to this Agreement is in this clause referred to as "**Retained Collateral**". The Debtor agrees with ATB that:

- (a) ATB's responsibility with regard to the Retained Collateral shall be limited to exercising the same degree of care which it gives to similar property held by ATB at the branch where the Retained Collateral is held. ATB shall not in any event be obligated to protect the Retained Collateral from depreciating or becoming worthless, or to present, protest, collect, enforce or realize on any of the Retained Collateral;
- (b) ATB shall not be obligated to collect or see to the payment of revenues, incomes, interest or dividends upon any of the Retained Collateral, but all such revenues, incomes, interest or dividends, if any when received by the Debtor, shall immediately be paid to ATB. ATB, in its sole discretion, may hold such monies as Collateral or appropriate it to any portion of the Indebtedness;
- (c) The Debtor irrevocably appoints ATB as its attorney and agent, with full powers of substitution, to sell, transfer, surrender, redeem, endorse or otherwise deal with any of the Retained Collateral as ATB, in its sole discretion, may see fit;
- (d) ATB shall have all rights and powers, but shall not be required to exercise any right or benefit which the holder or owner of the Retained Collateral may at any time have in connection with the Retained Collateral;
- (e) If, in the reasonable opinion of ATB, any or all of the Retained Collateral has depreciated in value, ATB may by notice in writing require the Debtor to replace such Retained Collateral with further collateral of sufficient value to cover the depreciation. ATB may realize upon all or any of the Retained Collateral, if the Debtor does not provide further collateral of sufficient value, in any manner as ATB sees fit.

## 11. ACCELERATION

In the event of Default, ATB, in its sole discretion, may without demand or notice of any kind, declare all or any of the Indebtedness which is not by its terms payable on demand, to be immediately due and payable.

## 12. NOTICE

Any notice or demand required or permitted to be made or given by ATB to the Debtor may be validly served by leaving the same or by mailing the same prepaid registered mail addressed to the Debtor at the last known address of the Debtor, as shown on the records of ATB, and in the case of mailing such notice or demand shall be deemed to have been received by the Debtor on the third business day following the date of mailing.

## 13. COSTS AND EXPENSES

The Debtor agrees to pay all costs, charges and expenses reasonably incurred by ATB or any Receiver appointed by it (including, but without restricting the generality of the foregoing, legal fees as between a solicitor and his own client on a full indemnity basis), in preparing, registering or enforcing this Agreement, taking custody of, preserving, maintaining, repairing, processing, preparing for disposition and disposing of Collateral and in

enforcing or collecting the Indebtedness and all such costs, charges and expenses together with any monies owing as a result of any borrowing by ATB, or any Receiver appointed by it shall be a first charge on the proceeds of realization, collection, or disposition of Collateral and shall be secured hereby.

#### **14. MISCELLANEOUS**

- (a) Without limiting any other right of ATB, whenever the debts and liabilities of the Debtor to ATB are immediately due and payable, or ATB has the right to declare the debts and liabilities to be immediately due and payable, whether or not it has been so declared, ATB may, in its sole discretion, set-off against the debts and liabilities any and all monies then owed to the Debtor by ATB in any capacity, whether due or not due, and ATB shall be deemed to have exercised such right of set-off immediately at the time of making its decision to do so even though any charge therefor is made or entered on ATB's records subsequent thereto.
- (b) ATB may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with the Debtor, sureties and others with the Collateral and other security as ATB may see fit without prejudice to the liability of the Debtor or ATB's right to hold and realize the Security Interest. ATB may demand, collect and sue on the Collateral in either the Debtor's or ATB's name, at ATB's option, and may endorse the Debtor's name on any and all cheques, and any other instruments pertaining to or constituting the Collateral.
- (c) Upon the Debtor's failure to perform any of its duties under this Agreement, ATB may, but shall not be obligated to, perform any such duties, and the Debtor will pay ATB, upon demand, an amount equal to the expense incurred by ATB in so doing with interest thereon from the date such expense is incurred at a rate equal to the highest rate of interest payable by the Debtor on any portion of the Indebtedness.
- (d) This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Agreement or the Security Interest created hereunder or any part thereof, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against ATB.
- (e) If more than one person executes this Agreement as the Debtor the obligations of such persons hereunder shall be joint and several.
- (f) This Agreement is in addition to and not in substitution for any other security or securities now or hereafter held by ATB and all such other securities shall remain in full force and effect.
- (g) The Debtor further agrees to execute and deliver to ATB such further assurances and conveyances and supplemental deeds as may be necessary to properly carry out the intention of this Agreement, as determined by ATB, or as may be required by ATB from time to time.
- (h) After Default, ATB may from time to time apply and re-apply, notwithstanding any previous application, in any such manner as it, in its sole discretion, sees fit, any monies received by it from the Debtor or as a result of any enforcement or recovery proceedings, in or toward payment of any portion of the Indebtedness.
- (i) For the purpose of assisting ATB in assessing the creditworthiness of the Debtor or the ownership or description of any of the Collateral, and for the purpose of collecting all or any portion of the Indebtedness owing by the Debtor to ATB, the Debtor consents to the disclosure and release to ATB of personal information, including without limitation, motor vehicle information from Alberta Registries (or any other provincial government department having jurisdiction in that area). This consent is effective from the effective date of this Agreement and shall remain in effect until all Indebtedness of the Debtor to ATB is fully satisfied.

#### **15. INTERPRETATION**

- (a) If a portion of this Agreement is wholly or partially invalid, then this Agreement will be interpreted as if the invalid portion had not been a part of it.
- (b) Where the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all the grammatical changes necessary depending upon the person referred to being male, female or body corporate.
- (c) The last day of any term reserved by any lease or agreement to lease is excepted out of the Security Interest hereby created and does not form part of the Collateral, but the Debtor shall stand possessed of such last day in trust to assign same to any person acquiring such term.
- (d) This Agreement will be interpreted in accordance with the laws of the Province of Alberta, and the Debtor irrevocably agrees that any suit or proceeding with respect to any matters arising out of or in connection with this Agreement may be brought in the courts of the Province of Alberta or in any court of competent jurisdiction, as ATB may elect, and the Debtor agrees to attorn to the same.

#### **16. COPY OF AGREEMENT**

The Debtor hereby acknowledges receipt of a copy of this Agreement, and waives any right it may have to receive a Financing Statement, Financing Change Statement or Verification Statement relating to it.

IN WITNESS WHEREOF the Debtor has executed this Agreement this \_\_\_\_\_ day of \_\_\_\_\_ .

WITNESS:

DEBTOR:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SCHEDULE A**

**Manufactured Homes (if applicable)**

**SCHEDULE B**