

GENERAL SECURITY AGREEMENT

THIS AGREEMENT MADE AS OF THE DAY OF , 20
BETWEEN:

Name & Address of Student
(Hereinafter called the "Debtor")

- And -

Legal Name and Address of RHA
(Hereinafter called the "Lender")

OF THE SECOND PART,

1. Creation of Security Interest

- (a) The debtor hereby grants to the Lender a continuing security interest in the collateral described in Section 2 hereof.
- (b) The security interest granted hereby is intended to be a general and continuing security for the payment and performance of all obligations, indebtedness and liabilities of the Debtor to the Lender whether incurred prior to, at the time of or subsequent to the extension hereof, including extensions of renewals, and all other liabilities of the Debtor to the Lender direct or indirect, wheresoever and howsoever incurred and any ultimate unpaid balance thereof.

2. Collateral

The collateral subject to the security interest created herein is the Debtor's undertaking and all its personal and business, property and assets of whatever nature and kind, both present and future, and without restricting the generality of the foregoing, includes:

- (a) **Inventory:** All inventory of whatever kind and wherever situated now owned or hereafter acquired or reacquired by the Debtor including, without limiting the generality of the foregoing, all goods, merchandise, raw materials, goods in process, finished goods and other tangible personal property held for sale, lease or resale or furnished or to be furnished under contracts for service or used or consumed in the business of the Debtor, all livestock and the young thereof after conception and all crops and timber, together with the products and cash and non-cash proceeds thereof (all of which is hereinafter call the "inventory"); and
- (b) **Equipment:** All machinery, equipment and other tangible personal property now owned or hereafter acquired or re-acquired by the Debtor and not included in sub-paragraph (a) above and all accessories installed in or affixed or attached or appertaining to any of the foregoing (all of which is hereinafter called the "equipment"); and
- (c) **Receivables:** All debts, accounts claims, moneys and chases in action now or hereafter due or owing to or owned by the Debtor (all of which is hereinafter called the "receivables"); and
- (d) **Intangibles:** All intangible property not included in sub-paragraphs (a) and (c) above including, without restricting the generality of the foregoing, all chattel paper, goodwill, patents, trademarks, copyrights, quotas, warehouse, receipts, bills of lading, shares, warrants, bonds, debentures, debenture stock, bills, notes, instruments, writing and other documents or industrial property now owned or hereafter acquired or re-acquired by the Debtor (all of which is hereinafter called "intangibles"); and
- (e) **Scheduled Property:** All property specifically described in Schedule "A" hereto and all accessories in or affixed or attached or appertained to any of the foregoing or any property added to Schedule "A" as agreed between the parties hereto (all of which is hereinafter called the "scheduled property"); and

- (f) **Proceeds:** All personal property in any form or fixtures derived directly or indirectly from any dealing with the collateral and the proceeds there from, and includes payment representing indemnity or compensation for loss of or damage to the collateral of proceeds there from (all of which is hereinafter called the “proceeds”): and

The collateral shall not include the last day of any term of years reserved by any lease, verbal or written, or any agreement therefore, now held or hereafter acquired by the Debtor but the Debtor shall stand possessed of the reversion remaining in the Debtor of any leasehold premises, for the time being demised, as aforesaid, upon trust to assign and dispose thereof, as the Lender shall direct: and upon any sale of the leasehold premises, or any part thereof, the Lender for the purpose of vesting the aforesaid reversion of any such term or any renewal thereof and any purchaser or purchasers thereof shall be entitled by deed or writing to appoint such purchaser or purchasers or any other person or persons a new trustee or trustees of the aforesaid reversion of any such term or any renewal thereof in the place of the Debtor and divest the same accordingly in the new trustee or trustees so appointed freed and discharged from any obligations respecting the same.

3. Sales in Ordinary Course of Business

The Debtor shall have no right to sell or dispose of any of the collateral in which a security interest vests in the lender except for a sale in the ordinary course of business upon customary sales terms for value received and then only upon the express condition that on or before delivery to a third party the Debtor shall secure full settlement of the entire purchase price for the collateral so sold in cash, notes, chattel paper or other property in form satisfactory to the lender. Until the Debtor shall have made settlement with the lender the full amount due to the lender with respect to all such collateral sold or disposed of by the Debtor, the Debtor shall segregate such cash, notes, chattel paper or other property and hold the same in trust for the lender and the lender shall have a security interest therein. The Debtor shall be entitled to transfer such notes or chattel paper free of such trust if at or prior to the time of such transfer the payment due from the Debtor to the lender shall be assured to the satisfaction of the lender.

4. Warranties of Debtor

The Debtor hereby warrants to the Lender that:

- (a) If it is a corporation, it is duly organized and validly existing under the laws of jurisdiction or its incorporation, is duly qualified and in good standing in the Province of Manitoba to conduct its business and the execution, delivery and performance hereof are within its corporate powers, have been duly authorized and do not contravene, violate or conflict with any law or terms of its Articles of Incorporation or any other incorporating documents or amendments and supplements thereto, By-laws or any indenture or agreement to which it is a party;
- (b) Except for the security interest granted hereby, the Debtor is, or will be, the owner of the collateral free from any adverse liens, security interests or encumbrances, and agrees that it will defend the collateral against all claims and demands of all persons, firms or bodies corporate at any time claiming the same or any interest therein;
- (c) The security interest herein is given to secure the purchase price of the collateral enumerated in Schedule “B” hereto and a purchase money security interest is hereby granted by the Debtor to the Lender with respect to the collateral enumerated in Schedule “B” hereto;
- (d) The Debtor’s principle place(s) of business is (are) as set out in Schedule “C” hereto and the Lender shall be promptly notified of any change thereof;
- (e) The collateral will be located at the locations as set out in Schedule “D” hereto.

5. Undertakings of Debtor

The Debtor hereby undertakes to:

- (a) Promptly pay all obligations, indebtedness and liabilities owing by the Debtor to the lender as they become due or are demanded.
- (b) Maintain the collateral in good condition and repair and to provide adequate storage facilities to protect the collateral and not permit the value of the collateral to be impaired, and diligently use and operate the collateral and carry on and conduct its business and undertaking

- in a proper and efficient manner so as to preserve and protect the collateral and the earnings, incomes, rent, issues and profits thereof;
- (c) Not, without the consent in writing of the Lender, create any security interest, mortgage, hypothecate charge, lien or other encumbrances upon the collateral or any part thereof ranking or purporting to rank in priority to or pari passu with the security interest created by this agreement, save that the Debtor may create a purchase money security interest in collateral hereafter acquired but only if such interest is perfected and notification thereof is given to the Lender pursuant to the provisions of Personal Property Act of Manitoba;
 - (d) Defend the title to the collateral against all persons, firms or bodies corporate claiming any interest in the collateral or part thereof;
 - (e) Not remove the collateral or any part thereof from the location set out herein, except for sales, leases, rentals or machinery demonstrations in the ordinary course of business, without the written consent of the Lender.
 - (f) Shall pay all taxes, assessments and levies or charges from any source which may be assessed against the collateral or any part thereof or which may result in a lien against the collateral or any part thereof and shall insure the collateral for loss or destruction by fire, wind, storm, and such other perils stipulated by the Lender in an amount not less than the full insurable value of the collateral or the amount from time to time hereby secured, whichever is the lesser, with appropriate endorsement to secure the lender its interest shall appear. In the event the Debtor shall fail to provide adequate insurance when required to do so or to pay any of the said taxes, assessments, levies or charges the Lender may, without notice, at its option, but without obligation or liability so to do, procure insurance and pay taxes or other charges and add said sums to the balance of the debt hereby secured or claim from the Debtor immediate reimbursement of such sums;
 - (g) Keep, at the principal place of business above set forth, accurate books and records of the collateral and to furnish at the request of the Lender from time to time, in writing, all information requested relating to the collateral or any part thereof and the Lender shall be entitled from time to time to inspect the aforesaid collateral and to take temporary custody of and make copies of all documents relating to accounts receivable and for such purposes the Lender shall have access to all premises occupied by the Debtor or where the collateral or any of it may be found;
 - (h) Furnish such financial and operating statements of the Debtor to the Lender as may be requested by the Lender.
 - (i) Duly observe and conform to all valid requirements of any governmental authority relative to any other collateral and all covenants, terms and conditions upon or under which the collateral is held;
 - (j) Do, make and execute, from time to time at the Lender's request, all such financing statements, further assignments, documents, acts, matters and things as may be required by the Lender of or with respect to the collateral or any part thereof or as may be required to give effect to these presents, and the Debtor hereby constitutes and appoints the Lender or any receiver appointed by the Court or the Lender as hereafter set out, the truth and lawful attorney of the Debtor irrevocably with full power of substitution to do, make and execute all such assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever it may be deemed necessary or expedient;
 - (k) Give immediate notice to the Lender in the event of a change of the corporate or trade name of the Debtor or any proprietor or partner thereof;
 - (l) Pay, on demand of the Lender all reasonable expenses, including solicitor's fees and disbursements and all the remuneration of any receiver appointed hereunder, incurred by the lender in the preparation, perfection and enforcement of this agreement.

6. Maintain Security Interest

- (a) The Debtor shall pay all expectations and, upon request, take any action reasonable deemed advisable by the lender to preserve the collateral or to establish, determine priority of, perfect, continue perfected, terminate and/or enforce the Lender's interest in it or rights under this establishment.

- (b) If the Debtor fails to act as required by the agreement the Lender is authorized, in the Debtor's name or otherwise, to take any such action including without limitation signing the Debtor's name or paying any amounts so required, and the costs shall be one of the debts and liabilities secured hereunder.

7. Default

The Debtor shall be in default under this agreement and the whole or any part of the unpaid balance of any obligations, indebtedness or liabilities secured by this agreement shall become immediately due and payable if any of the following events occurs:

- (a) The Debtor fails to pay when due any of the obligations, indebtedness or liabilities secured by this agreement;
- (b) The Debtor fails to perform any term, condition, provision, covenant or undertaking of this agreement or any other agreement between the debtor and the Lender.
- (c) The Debtor or any of its employees or agents has made or furnished to the Lender a statement, representation or warranty to induce the Lender to extend credit to the Debtor, under this agreement or otherwise, which is incorrect or false;
- (d) The Debtor ceases or threatens to cease to carry on its business, commits an act of bankruptcy, becomes insolvent, makes an assignment or bulk sale of its assets, or proposes a compromise or arrangements to its creditors.
- (e) Any proceeding is taken with respect to a compromise or arrangement or to have the Debtor declares bankrupt or wound up or to have a receiver appointed of any part of the collateral or if any incumbrancer takes possession of any part thereof;
- (f) Any execution, sequestration or extent or any other process of any court becomes enforceable against the Debtor or if any distress or analogous process is levied upon the collateral or any part thereof;
- (g) The occurrence of loss, theft, damage or destruction of the collateral not covered by adequate insurance containing a loss payable clause for the protection of the lender as its interests may appear;
- (h) If the Lender, in good faith, believes that the prospect of payment or performance hereunder is impaired or collateral, or any part, is in danger of being lost, damaged or confiscated.

8. Remedies

- (a) The Lender shall have all the rights and remedies for default provided by the Personal Property Security Act of Manitoba as well as any other applicable laws and, but so as not to restrict the generality of the foregoing, the following rights and remedies:
 - (1) The Lender may appoint by instrument in writing a receiver of all or any part of the collateral and remove or replace such receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of such a receiver and any such collateral, and for such receiver or receivers so appointed shall have power to take possession of the collateral hereby charged or any part thereof and to carry on and to concur in selling any such collateral, and for such purpose to occupy and use any real or personal property of the Debtor without charge therefore for as long as necessary;
 - (2) The Lender may demand that the Debtor assemble the collateral in any convenient place designated by the Lender and deliver possession of all or any part of the collateral to the Lender;
 - (3) The Lender may take such steps as it considers necessary or desirable to obtain possession of all or any part of the collateral, and to that end the debtor agrees that the Lender may by its servants, agents or receiver at any time during the day or night to enter upon lands and premises, and if necessary break into houses, buildings and enclosures wheresoever and whatsoever where the collateral may be found for the purpose of taking possession of and removing the collateral or any part thereof;
 - (4) The Lender or its receiver may seize, collect, realize, borrow money on the security of release to third parties or otherwise deal with the collateral or any part thereof in

such manner, upon such terms and conditions and at the Debtor (except as otherwise required by any applicable law);

- (5) The Lender may charge the Debtor for any expense incurred by the lender (including legal, accounting and receiver fees) in protecting, seizing, collecting, realizing, borrowing on the security of, selling or obtaining payment of the collateral or any part thereof and may add the amount of such sums to be indebtedness of the debtor;
 - (6) The Lender may elect to retain all or any part of the collateral in satisfaction of the obligations, indebtedness and liabilities of the Debtor to the Lender;
 - (7) The Lender or its receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the collateral and other securities as the Lender may see fit without prejudice to the liability of the Debtor or the Lender or its receiver's right to hold and realize the collateral;
 - (8) The Lender or its receiver may, if it deems it necessary for the proper realization of all or any part of the collateral, pay any encumbrance, lien, claim or charge that may exist or be threatened against the same in every such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the obligations of the Debtor to the lender as hereby secured, and shall bear interest at the rate currently charged to the Debtor under its obligations, indebtedness and liabilities to the lender at the date of payment thereof by the Lender;
 - (9) All Monies collected or received by the Lender or its receiver in respect of the collateral may be applied on account of such parts of the indebtedness and liability of the Debtor as to the Lender seems best or may be held inappropriate in a collateral account or in the discretion of the Lender may be released to the Debtor, all without prejudice to the Lender's claim upon the Debtor.
- (b) The rights and remedies herein conferred upon the Lender shall be cumulative and not alternative and shall be in addition to and not in substitution of or in derogation of rights and remedies conferred by the Personal Property Act of Manitoba and any other applicable laws.
 - (c) The Debtor hereby covenants, promises and agrees to and with the Lender that in the event that the sum of money realized upon and disposition of the collateral referred to herein shall not be sufficient to pay the whole of the obligation, indebtedness and liabilities of the Debtor due to the Lender at the time of such disposition, the Debtor shall and will forthwith pay or cause to be paid to the Lender an amount equal to the deficiency between the amount of the said obligations, indebtedness and liabilities and the sum of money realized upon the said disposition of the collateral provided for herein (the "deficiency") and the Debtor hereby agrees that the Lender may bring action against the Debtor for payment of the deficiency, notwithstanding any defects or irregularities of the Lender in enforcing its remedies hereunder.

9. Receivables

Notwithstanding any other section or provision of this agreement, the Lender may collect, realize, sell or otherwise deal with the receivables of any part thereof in such manner, upon such terms and conditions and at such time, whether before or after default, as may seem to it advisable and without notice to the Debtor (Except in the case of a sale and then subject to Section 8 hereof). 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 collection, realizing or obtaining payment of the same or for the purpose of preserving any rights of the Lender, the Debtor or any person, firm or corporation in respect of the same. All moneys collected or received by the Debtor in respect of the receivables shall be received as trustee for the Lender and shall be forthwith paid over to the Lender. All moneys collected or received by the Lender in respect of the receivable or other collateral may be applied on account of such parts of the indebtedness and liability of the Debtor as to the Lender sees best or in the discretion of the Lender may be released to the Debtor, all without prejudice to the liability of the Debtor or the Lender's right to hold and realize the security interests herein created in the collateral.

10. Waiver

- (a) The Lender may permit the Debtor to remedy any default without waiving the default so remedied, and the Lender may waive any default without waiving any other subsequent or prior default by the Debtor.
- (b) The Debtor shall not be discharged by any extension of time, additional advances, renewals and extensions, the taking of further security, releasing security, extinguishment of the security interest as to all or any part of the collateral, the failure to perfect the security or any other act except a release or discharge of the security interest upon the full payment of the obligation secured by this agreement, including charges, expenses, fees, costs and interests.

11. Non-Liability of the Lender

The Lender shall not be liable or accountable for any failure to seize, collect, realize, sell or obtain payment of the collateral or any part thereof and shall not be bound to institute proceedings for the purpose of seizing, collecting, realizing or obtaining possession or payments of the same or for the purpose of preserving any rights of the Lender, the Debtor or any other, firm or corporation in respect of same.

12. Assignment and Waiver of Defenses

The Lender or any assignee of this agreement may, without further notice to the Debtor, at any time assign this agreement and the security interest evidenced thereby. The Debtor expressly agrees that with respect to such an assignment, re-assignment or transfer of this agreement the assignee or transferee shall have all of the Lender's rights and remedies under this agreement and the Debtor will not assert as a defense, counterclaim, set-off, cross-complaint, or otherwise any claim, known or unknown, which he now has or hereafter acquires against the Lender in any action commenced by an assignee or transferee of this agreement and will pay the obligations, indebtedness and liabilities secured hereby to the assignee or transferee at its place of business as said obligations, indebtedness and liabilities become due.

13. Additional Security

This agreement is in addition to and not in substitution for any other agreement between the parties creating a security interest in all or part of the collateral, and whether herefore or hereafter made, and the terms of such other agreement or agreements shall be deemed to be continued unless expressly provided to the contrary in writing and signed by the parties.

14. Attachment

The Debtor warrants and acknowledges that the Debtor and Lender intend the security interest created by the agreement to attach upon the execution of the agreement and that value has been given and that the Debtor has rights in the collateral.

15. Notices

Any notice required to be given to the Debtor or the Lender may be sent by prepaid registered mail addressed to the appropriate party at the address above show, or such further or other address as such party may notify to the other in writing from time to time, and if so sent the notice shall be deemed to have been given on the day which it is deposited in the post office. If there exists a labor dispute or other event at the same time of mailing of any notice hereunder, or within two business days thereafter, which would affect the normal delivery of the notice by mail, then notice will only be effective hereunder if actually delivered.

16. Headings

All headings used in this agreement have been inserted for convenience of reference only and are not intended to assist in the interpretation of any of the provisions of this agreement unless expressly referred to in the provisions of this agreement.

17. Interpretation

- (a) If any provision of this agreement is prohibited by or is invalid or unenforceable under applicable law, such provision shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

- (b) This Agreement shall be governed by a construed in accordance with the laws of the Province of Manitoba. The Lender may enforce its rights and remedies hereunder in such provinces, states, territories and countries as it deems fit, the Debtor hereby for such enforcement purposes according to the jurisdiction of such provinces, states, territories and countries.

18. Joint and Several Obligations

If more than one Debtor executes this agreement, the obligations shall be both joint and several.

19. Receipt of Copy

The Debtor hereby acknowledges receiving a copy of this agreement.

20. Enurement

This agreement benefits the Lender, its successors and assigns, and binds the Debtor and his respective heirs, personal representatives, successors and assigns.

TEMPLATE
ONLY

IN WITNESS WHEREOF the Debtor has hereunto set his hand and seal the day of _____, 20____

If the debtor is an individual:

(Name)

Signature of Debtor

Signature of Debtor

Witness

Witness

If Debtor is a Corporation:

Name of Corporation

Signature & Title

Witness

Signature & Title
Witness (Complete if Corporation does not have a seal)

If Debtor is a Partnership

Name of Partnership

Signature

Witness

Signature
Witness

Schedule "A" – The scheduled property referred to in clause 3 (e) are:

and all substitutions and replacements therefore and accessories thereto.

Schedule "B" – The collateral in which a purchased money security interest is granted are:

and all substitutions and replacements therefore and accessories thereto.

Schedule "C" – The Debtor's principle place(s) of business is (are):

Schedule "D" – The collateral will be located at: