



Movable Hypothec On Investment Securities

EASE #: _____

BETWEEN: **B2B BANK** (hereinafter referred to as the "Bank") 199 Bay Street, Suite 600 PO Box 279 STN Commerce Court Toronto ON M5L 0A2

AND: _____
(Name and address of borrower)
(Hereinafter referred to as the "borrower").

THE PARTIES AGREE AND DECLARE AS FOLLOWS:

1. MOVABLE HYPOTHEC

To secure the repayment of the sums that the borrower owes or may owe the Bank under the Agreement, as such word is understood in the B2B Bank Investment Loan Application, (the "credit agreement") whereby the Bank has granted or made available to the borrower a loan or a line of credit in the amount of _____ dollars (\$ _____) signed on _____ (all sums owed by the borrower to the Bank under the above-mentioned credit agreement, and all renewals, replacements, additions or modifications, substitutions or rewordings brought to it are hereinafter collectively referred to as the "loan"), of the interest at the rate of 25% per annum as from the date of these presents, and of the accessories, as well as the performance of all obligations arising therefrom, the borrower hypothecates in favour of the Bank, for a sum of _____ dollars (\$ _____) the investment securities hereinafter described (hereinafter referred to as the "hypothecated property"):

DESCRIPTION

(Specify the number of investment securities, their nature, category or series, par value, issuer name, certificate number, maturity date, etc.)

Mutual funds units	_____	_____
	(Specify the Name of the Fund)	(Issuer's account number)
	_____	_____
	_____	_____
	_____	_____

Other: _____

and each and all of the securities that shall have been, from time to time, (i) purchased or acquired with the proceeds of the loan and held or kept by the Bank, a B2B Bank Dealer (hereinafter defined) or under the custody of a third party designated by the Bank, or (ii) placed under the custody of the Bank or a third party designated by the Bank, in furtherance to the Borrower's obligations under the credit agreement to maintain the collateral; and including the securities pledged to the Bank by reason of the Bank obtaining control of same. The securities pledged to the Bank as part of the collateral to secure the loan may be held in an account at B2B Bank Financial Services Inc., B2B Bank Securities Services Inc. or B2B Bank Intermediary Services Inc. (together, hereinafter referred to as the "B2B Bank Dealers").

The following property, if it is not already included in the above description or in appendix, is also charged with the hypothec and security created hereunder. Therefore, the expression "hypothecated property" also includes the following property:

- a) all investment securities and all property which, in conformity with these presents, may be remitted to the Bank, or a B2B Bank Dealer, by the borrower or on his behalf (other than the investment securities or property which, as per the borrower's written instructions agreed to by the Bank, are not subject to this agreement);
- b) all investment securities issued or received instead of the investment securities described or mentioned above, or as their renewals or replacements or as additions thereto, or which are issued or received at the time of purchase, redemption, retraction, conversion or cancellation, or of any other transformation of investment securities, or issued to or received by investment security holders as dividends or otherwise;
- c) the rights arising from the hypothecated property along with the profit and income generated by it, including the principal, income, interest and dividend, accruals and any other proceeds, notably the redemption proceeds therefrom;
- d) the proceeds of any sale, assignment or other disposal of the property described above, any claim arising from such sale, assignment or other disposal, as well as any property acquired to replace a property described above (provided however that this clause shall not be interpreted as allowing the borrower to dispose of the hypothecated property in violation of any other provisions of this agreement);

e) all title deeds, documents, ledgers, books, bills and accounts evidencing the hypothecated property or related to it.

2. ADDITIONAL HYPOTHEC

To secure any amount owing to the Bank which would be in excess of the amount of the hypothec shown above, the borrower hypothecates the hypothecated property for a further sum equal to twenty percent (20%) of the amount of the hypothec provided for in section 1 hereof.

3. REPRESENTATIONS OF THE BORROWER

The borrower hereby represents and makes the following declarations to the Bank, which must remain true until the final repayment of the loan:

a) he is the sole and absolute owner of all the hypothecated property and no hypothec, conditional sales contract, sales contract by instalments, prior claim, security or real right currently affects or is liable to affect it, except:

b) all sums owed by borrower under fiscal laws have been paid without subrogation;

c) his date of birth is the following: _____

4. OBLIGATIONS OF THE BORROWER

The borrower makes the following commitments:

4.1 Additional documents

He shall carry out all acts and sign all documents required to give full effect to the hypothec and security and ensure that they may always be set up against third parties, and that the Bank may exercise any hypothecary recourse to which it is entitled. He binds and obligates himself to deliver to the Bank, at the latter's request and at his own expense, any waiver, postponement of claim, release or discharge, as deemed necessary by the Bank to secure the prior rank of its rights and security over the hypothecated property.

4.2 Insurance

In the case of destruction or loss of the hypothecated property, the borrower shall obtain a replacement through a lost item suretyship and pay the costs related thereto.

4.3 Payment at maturity

He shall pay when due all duties, taxes, rates and charges payable with respect to the hypothecated property as well as any claim that could rank ahead of the hypothec and security created hereunder and shall notify the Bank of any delay in the payment thereof. Upon request, the borrower shall provide the Bank with evidence that he has made the payments provided for in this section.

4.4 Additional hypothec

At the Bank's request, he undertakes to grant the latter any additional hypothec the Bank will deem reasonable in order to specifically affect future property or property acquired in replacement of the hypothecated property to maintain the value of the securities granted under this agreement.

4.5 Costs

He shall pay the fees and expenses related to these presents, such as professional fees, registration fees in the register of personal and movable real rights, if applicable, and any other expenses, including those related to any renewal, notice, additional hypothec, waiver, postponement of claim, release or discharge related thereto along with all other connected expenses. He shall reimburse the Bank all costs and fees it may incur to fulfil the borrower's commitments or to exercise its rights, with interest at the Prime Rate in force at the Bank from time to time, plus 3%. Prime Rate means the annual interest rate announced by B2B Bank from time to time as being its reference rate then in effect (the "Prime Rate"). The hypothec and security granted under section 1 hereof shall also secure the repayment of such costs and fees as well as the payment of the related interest.

4.6 Signing of documents

Upon request, he undertakes to sign any power of attorney or any other document that the Bank may deem necessary or useful for the preservation or repayment of the loan.

4.7 Sale or other alienation of hypothecated property

He may not assign or otherwise alienate the hypothecated property without the Bank's prior authorization in writing.

4.8 Marital status and matrimonial regime (if applicable)

4.9 Other

5. COLLECTION OF THE PRINCIPAL AND PROCEEDS

Until notified to the contrary by the Bank, the borrower shall collect the dividends, interest and other income arising from the

hypothecated property. The Bank may however, at any time, serve the borrower, the B2B Bank Dealer, if applicable, and the security issuer, a notice stipulating that it will thenceforth collect the dividends, interest and other income arising from the hypothecated property. The borrower shall then hand over immediately to the Bank all documents deemed necessary or useful by the latter for such purpose, along with any cheque, money order or other instrument handed over to him prior to the receipt of such notice or subsequently thereto.

6. REDEMPTION, CONVERSION OR OTHER TRANSFORMATION OF THE HYPOTHECATED PROPERTY

The Bank or the B2B Bank Dealer may, without however being under any obligation to do so, register itself, or its nominee, as the holder of the hypothecated property and exercise any right arising therefrom, including any voting, option subscription, conversion, redemption or retraction right. If the issuer exercises its right to redeem or repurchase the instruments, the Bank may apply the redemption or repurchase price to the repayment of the loan or part thereof, regardless of the loan having matured or not, and the borrower shall continue to make the payments provided for in the agreement.

The borrower shall sign, endorse and hand over to the Bank or a B2B Bank Dealer all investment securities issued or received instead of the hypothecated property, or as their renewals or as additions thereto, or which are issued or received at the time of purchase, redemption, retraction, conversion or cancellation, or of any other transformation of the hypothecated property, or issued to or received by investment security holders as dividends or otherwise, all of which are part of the hypothecated property.

7. ASSIGNMENT OF VOTING RIGHTS

The borrower hereby assigns to the Bank, or a B2B Bank Dealer, until the repayment of all sums owed under the terms and conditions of the loan, all voting rights he holds or will hold under the hypothecated property. However, until notified to the contrary by the Bank, the borrower shall continue to exercise such voting rights as proxy to the Bank and he may delegate their exercise to third parties as if he still held them. Should the Bank, or the B2B Bank Dealer, avail itself of the assignment of his voting rights, the borrower undertakes to sign forthwith, upon request, any document required by the Bank, or the B2B Bank Dealer, to enable it to exercise such voting rights. The Bank may notify the securities' issuer accordingly and request to receive thenceforth notices or general meetings.

8. RIGHTS OF THE BANK

The Bank is hereby authorized irrevocably to endorse on behalf of the borrower the hypothecated property as well as any cheque, money order or other instrument issued in payment of the hypothecated property or of the proceeds arising therefrom, to receive payment therefor, to give an acquittance for the sums collected and to request that its name be registered as hypothecary creditor in the ledgers of the issuer, of its transfer agent or any other mandatory.

The Bank's liability respecting the hypothecated property in its possession shall be limited to exercising the prudence and diligence it exercises toward the Bank's own property. The borrower acknowledges that the Bank is entitled to hold the hypothecated property and to transfer it to a third party and may hand over to such third party a copy of this agreement as duly executed by the borrower. The Bank shall always be deemed to have continuous holding thereof.

9. DEFAULT

In the case of a demand loan, the Bank may always demand its repayment. Furthermore, each of the following situations shall constitute a case or an event of default:

- a) if the borrower fails to perform or observe any of the obligations resulting from this agreement or the credit agreement;
- b) if one of the representations made herein or subsequently is false or misleading, or if it is the case with any of the documents submitted in relation with these presents;
- c) if the borrower becomes insolvent or bankrupt, or if he makes a proposal to his creditors or if he files a notice stating his intention to make a proposal;
- d) if all or part of the hypothecated property is seized or if a recourse is exercised against it by another creditor, sequestrator, guard, co-ordinator, trustee or any other person performing similar functions.

Should the borrower default, the Bank may terminate, at its own discretion, any obligation it may have had to grant credit or advances to the borrower and any sums owing to the Bank shall immediately become payable, without any prior notice or demand for performance. Subject to its other rights and recourses, the Bank shall then be entitled:

- a) to perform any obligation not fulfilled by the borrower, and any monies expended for such purpose shall become immediately payable by the borrower, with interest thereon at the rate then in force under the credit agreement;
- b) to notify the borrower and the issuer of the securities that it shall thenceforth collect dividends, interest and other income arising from the hypothecated property, as provided for in section 5, and to demand immediate possession of the documents and instruments mentioned in that section;
- c) to exercise, with respect to the hypothecary property, such hypothecary recourses and rights (such as the right to sell the hypothecated property without prior notice) as provided for in the Civil Code of Quebec or to collect the maturity value of any such instruments.

10. GENERAL PROVISIONS

10.1 Application of the guarantees

The hypothec and security interest under this agreement are added to, but do not replace any other hypothecs or security interests held by the Bank, as the case may be. They are permanent and continuous security that will subsist despite occasional, total or partial payments of obligations secured by these presents. In any and all cases of default, the borrower shall be in default of its obligation by the mere lapse of time for performing it, without necessity for the Bank to send a notice of default to the borrower.

10.2 Appropriation of sums collected

After having deducted the costs and fees incurred to exercise the rights provided for in these presents, including the exercise of a hypothecary recourse, if applicable, the Bank may apply the balance of the sums it has collected, regardless of their origin, to any of the sums owing under the credit agreement, regardless of whether they are due or not.

10.3 Exclusion of liability

The exercise by the Bank of one of its rights shall not prevent it from exercising any other of its rights hereunder; the rights of the Bank shall be cumulative and not alternative. Failure by the Bank to exercise any of its rights shall not constitute a waiver of the future exercise of such right. The Bank may exercise its rights resulting from these presents without having to exercise its other recourses against the borrower or any other person responsible for the payment of the obligations secured by these presents and without having to enforce any other security granted relative to such obligations.

The Bank shall not be held responsible by reason of any default or delay in availing itself of its rights and recourses, nor by reason of any act or omission made in good faith by any agent, mandatory, employee or officer of the Bank, and such default or delay shall not be interpreted as constituting a waiver of the Bank's rights and recourses.

The Bank shall be bound to exercise only reasonable diligence in the exercise of its rights or performance of its obligations and, in any case, it shall be held liable only for intentional or gross fault on its part. The borrower shall indemnify the Bank and save it harmless against any losses and expenses incurred by the Bank and all damages claimed from the Bank for which it is not liable.

10.4 Election of domicile

The borrower shall inform the Bank of any change in address. Should he fail to do so, he shall be deemed to have elected domicile at the office of the clerk of the Superior Court for the district in which the head office of the Bank is located.

10.5 Indivisibility and solidarity

The obligations of the borrower shall be indivisible and may be claimed in their entirety from each of his heirs or legal representatives. If the term "borrowers" means more than one person, each one of them shall be solidarily liable for the performance of the borrower's obligations contained in these presents.

11. THIRD PARTY INTERVENTION (if applicable)

Spouse married under the community of property regime

To this agreement, intervenes _____

(name)

(address)

spouse married to the borrower under the regime of community of property, and who is aware of, understands, and agrees with the presents, in compliance with the law.

INTERPRETATIVE CLAUSE

Whenever the context so requires the singular number shall be interpreted as plural, the masculine gender as feminine or neuter, and vice-versa.

Signed at _____ (Quebec) on _____

Name of Borrower

Signature of Borrower

Name of Co-Borrower (if applicable)

Signature of Co-Borrower (if applicable)

Name of Third Party (if applicable)

Signature of Third Party (if applicable)

B2B Bank



Puneet Mann
Vice President & Head, Personal Deposits & Unsecured Lending