**ON THE** SAISIE of SAISIE, SAISIE

**BEFORE** Mtre SAISIE Notary at SAISIE, Province of Québec,

**APPEARED:**

SAISIE

hereinafter called the **"Creditor"**,

**AND**

SAISIE

hereinafter called the **"Debtor"**,

Who make the following statements and agreements:

1- **STATEMENTS**

a) The Debtor acknowledges that he owes the Creditor the original sum of SAISIE dollars ($ SAISIE), for a loan granted under the Act SAISIE as a result of the deed of loan, hereinafter called the "loan", dated SAISIE published in the land register SAISIE under number SAISIE;

b) The parties agree that the guarantees granted below shall remain constant and continuous collateral securities. They shall have full effect until the entire loan has been paid back in principal, interest, costs and accessories;

c) To secure repayment of the loan, the Debtor provides the Creditor with the following guarantees.

2- **GUARANTEES**

To secure repayment of the loan in principal, interest, costs and accessories, as well as the execution of all the obligations entered into under this agreement and the loan agreement, the Debtor hypothecates up to the amount of the loan, that is the sum of SAISIE dollars ($ SAISIE), bearing interest at the annual rate of twenty-five percent (25 %), in favour of the Creditor the following property:

**DESIGNATION OF MOVABLE PROPERTY**

SAISIE

The Debtor also hypothecates all livestock he acquires by natural increase or otherwise to replace the livestock described above, where such is the case.

The Debtor also undertakes to hypothecate in favour of the Creditor any farm machinery and equipment he acquires in the future to replace the machinery and equipment described above, where such is the case, unless La Financière agricole du Québec, (hereinafter called "La Financière agricole") decides otherwise.

**HYPOTHEC IN CASE OF INDIVISION**

If the Debtor is only an undivided co-owner of all or part of the property securing the loan, the Debtor states to hypothecate not only the undivided part of the property but also any part of it that he acquires in the future from any partition, voluntary disposal or otherwise.

**ADDITIONAL HYPOTHEC**

To secure repayment of all sums payable to the Creditor under this agreement and under the loan agreement, such as insurance premiums and fees, expenses incurred for the preservation, protection and recovery of the claim, costs, disbursements or advances, as well as the interest on those amounts, interest accrued for more than three (3) years and during the current year, interest on the interest, the Debtor hypothecates up to an additional sum fixed at twenty percent (20 %) of the amount of the loan the property designated above for the special benefit of the Creditor.

3- **ADDITIONAL AGREEMENT**

All the clauses, provisions and conditions of the loan and the guarantee agreements mentioned in the paragraph entitled " STATEMENTS " above, apply to this movable guarantee, without novation or prejudice to the rights of the Creditor.

4- **DEFAULT**

The Debtor shall also be in default if he or any subsequent owner of the hypothecated property:

a) does not comply with the obligations and commitments resulting from this agreement or from the loan and the guarantee agreements mentioned in the paragraph entitled " STATEMENTS " above, especially those included in the paragraphs entitled " COMMITMENTS OF THE DEBTOR " and " DEFAULT " of those acts;

b) does not obtain the release from any seizure of the hypothecated property pursuant to an execution of a judgment;

c) does not obtain the release of any prior notice for the exercise of an hypothecary right or of another right encumbering the hypothecated property or does not remedy any default under the terms of any other hypothec or charge affecting the hypothecated property;

d) makes a false or inaccurate statement in this agreement, or if registrations or rights likely to change the declared and accepted situation are discovered;

Time is of the essence and the Debtor shall be in default without the requirement of formal notice. In such case, the Creditor shall be entitled, without restricting his other rights and remedies, to:

1) claim immediate payment of the entire loan, in principal, interest, cost and accessories;

2) perform any obligation not respected by the Debtor in his place and stead, at the Debtor's expense;

3) exercise the hypothecary rights recognized by the Civil Code of Québec, after filing and serving a prior notice of the exercise of such rights and having respected the period specified in the notice for the surrender of the property, in accordance with articles 2748 and following of the said Code.

5- **STATEMENTS OF THE DEBTOR**

The Debtor states that:

a) he has full ownership of the hypothecated that they are not encumbered by any priority, hypothec or charge other than:

SAISIE

b) the hypothecated movable property is located in Québec.

6- **ELECTION OF DOMICILE**

For the execution of this agreement and in particular for the exercise of the rights resulting from it, the Creditor elects domicile at the address indicated above and the Debtor at the office of the Superior Court for the district of SAISIE, the whole in conformity with section 83 of the Civil Code of Québec.

7- **COSTS**

The Debtor shall pay the costs incurred by this agreement, any publication costs, and any other costs related to any renewal, notice, hypothec, waiver, loan postponement, cession of rank, discharge or release related to the agreement. The Creditor shall be authorized to retain, from the amount of the loan, sufficient funds to cover these costs.

8- **INTERPRETATION**

Whenever the context so requires, any word written in the singular also includes the plural and vice versa, and the masculine form is taken to include the feminine.

9- **APPLICABLE LAW**

This deed of hypothecary security shall be governed by the laws of Quebec. Its administration and the interpretation of its terms, and any person party to this agreement are subject to the jurisdiction of Quebec.

This agreement was drafted in English at the request of the parties.

SAISIE