**LA FINANCIÈRE AGRICOLE DU QUÉBEC**

**AGREEMENT RESPECTING A MOVABLE HYPOTHEC**

**BETWEEN**

SAISIE

hereinafter called the **"Creditor"**,

**AND**

SAISIE

hereinafter called the **"Debtor"**,

Who have entered into the following declaration and agreement, namely:

1- **DECLARATION**

***LOAN******WITHOUT RISK SHARING*** *which hypothec* ***is not*** *destinated to secure the future needs provided for in the* ***Global Investment Plan*** *(If not applicable, remove the subparagraphs* ***a)****,* ***b)*** *and* ***c)****).*

*IF THE HYPOTHEC IS REQUIRED ONLY FOR ONE LOAN, that is to say the initial loan. (If not applicable, remove the subparagraphs* ***a)****,* ***b)*** *et* ***c)****).*

**a)** The Debtor acknowledges that he owes the Creditor the sum of SAISIE dollars ($ SAISIE), for a loan made to him under the Act respecting La Financière agricole du Québec (CQLR, chapter L‑0.1), hereinafter called the "Act", as a result of the deed of loan, dated SAISIE, a copy of which is attached hereto, La Financière agricole du Québec being hereinafter called "La Financière agricole";

**b)** The parties agree that the guarantees granted below shall remain collateral securities, constant and continuous. They shall have full effect until the loan mentioned in the above subparagraph a) and every loan made to the Debtor according to the paragraph entitled "CONSTANT AND ON-GOING HYPOTHEC" hereinafter, have been fully repaid in capital, interest, costs and accessories, all these loans hereinafter called “THE LOAN”;

**c)** To secure repayment of the loan, the Debtor offers the Creditor to grant him the following guarantees.

*IF THE HYPOTHEC IS REQUIRED FOR MORE THAN ONE LOAN, that is to say for the initial loan, for possibly one or many loans made according to the constant and on-going hypothec and for a new loan to be made according to the same constant and on-going hypothec. In the case where one or many loans have already been made according to the same hypothec, the third* ***paragraph*** *of the subparagraph* ***a)*** *shall be repeated as often as necessary in order to enumerate all the loans. (If not applicable, remove the subparagraphs* ***a)****,* ***b)*** *et* ***c)****).*

**a)** The Debtor acknowledges that he owes the Creditor, as result of the deeds below, the following sums:

- the original sum of SAISIE dollars ($ SAISIE), for a loan made to him under the Act respecting La Financière agricole du Québec (CQLR, chapter L‑0.1), hereinafter called the "Act", as a result of the deed of loan, dated SAISIE accompanied with a collateral underwriting deed signed on SAISIE and published at the Registry Office of the Registration Division of SAISIE and at the Register of personnal and movable real rights under the number(s) SAISIE, La Financière agricole du Québec being hereinafter called "La Financière agricole";

- the original sum of SAISIE dollars ($ SAISIE), for a loan made to him under the Act, as a result of the deed of loan, dated SAISIE, which loan is also guaranteed by the hypothecs granted by the collateral underwriting deed published at the Registry Office of the Registration Division of SAISIE and at the Register of personnal and movable real rights under the number(s) SAISIE;

**b)** The parties agree that the guarantees granted below shall remain collateral securities, constant and continuous. They shall have full effect until the loans mentioned in the above subparagraph a) and every loan made to the Debtor according to the paragraph entitled "CONSTANT AND ON-GOING HYPOTHEC" hereinafter, have been fully repaid in capital, interest, costs and accessories, all these loans hereinafter called “THE LOAN”;

**c)** To secure repayment of the loan, the Debtor offers the Creditor to grant him the following guarantees.

***LOAN******WITHOUT RISK SHARING*** *which hypothec* ***is*** *destinated to secure the future needs provided for in the* ***Global Investment Plan*** *(If not applicable, remove the subparagraphs* ***a),******b),******c)*** *and* ***d)****).* ***The amount*** *to write down in subparagraph* ***b)*** *below is equal to* ***the difference*** *between the amount required for the hypothec and the amount of the loan. (ex.: Hypothec of $ 150 000 - Loan of $ 100 000 = GIP of $ 50 000)*

*IF THE HYPOTHEC IS REQUIRED ONLY FOR ONE LOAN, that is to say the initial loan (If not applicable, remove the subparagraphs* ***a)****,* ***b)****,* ***c)*** *et* ***d)****).*

**a)** The Debtor acknowledges that he owes the Creditor the sum of SAISIE dollars ($ SAISIE), for a loan made to him under the Act respecting La Financière agricole du Québec (CQLR, chapter L‑0.1), hereinafter called the "Act", as a result of the deed of loan, dated SAISIE, a copy of which is attached hereto, La Financière agricole du Québec being hereinafter called "La Financière agricole";

**b)** Besides the possibility for the Debtor to borrow again following part or full repayment of the above loan, as provided for in the paragraph "CONSTANT AND ON-GOING HYPOTHEC" hereinafter, the parties also want to provide the possibility for the Debtor, without any prior repayment, to borrow from the Creditor additional sums under the Act which could reach a total amount of SAISIE dollars ($ SAISIE), loans which would be secured by this hypothec, without obligation in all cases for the Creditor to grant new loans and for the Debtor to contract them;

**c)** The parties agree that the guarantees granted below shall remain collateral securities, constant and continuous. They shall have full effect until the loan mentioned in the above subparagraph a) and those which should be granted in accordance to the above subparagraph b) or in accordance to the paragraph entitled "CONSTANT AND ON-GOING HYPOTHEC" hereinafter, have been fully repaid in capital, interest, costs and accessories, all these loans hereinafter called "THE LOAN";

**d)** To secure repayment of the loan, the Debtor offers the Creditor to grant him the following guarantees.

*IF THE HYPOTHEC IS REQUIRED FOR MORE THAN ONE LOAN, that is to say for the initial loan, for possibly one or many loans made according to the constant and on-going hypothec (or a* ***Global*** *I****nvestment Plan****) and for a new loan to be made according to the same constant and on-going hypothec. In the case where one or many loans have already been made according to the same hypothec, the third* ***paragraph*** *of the subparagraph* ***a)*** *shall be repeated as often as necessary in order to enumerate all the loans. (If not applicable, remove the subparagraphs* ***a)****,* ***b)****,* ***c)*** *et* ***d)****).*

**a)** The Debtor acknowledges that he owes the Creditor, as result of the deeds below, the following sums:

- the original sum of SAISIE dollars ($ SAISIE), for a loan made to him under the Act respecting La Financière agricole du Québec (CQLR, chapter L‑0.1), hereinafter called the "Act", as a result of the deed of loan, dated SAISIE accompanied with a collateral underwriting deed signed on SAISIE and published at the Registry Office of the Registration Division of SAISIE and at the Register of personnal and movable real rights under the number(s) SAISIE, La Financière agricole du Québec being hereinafter called "La Financière agricole";

- the original sum of SAISIE dollars ($ SAISIE), for a loan made to him under the Act, as a result of the deed of loan, dated SAISIE, which loan is also guaranteed by the hypothecs granted by the collateral underwriting deed published at the Registry Office of the Registration Division of SAISIE and at the Register of personnal and movable real rights under the number(s) SAISIE;

**b)** Besides the possibility for the Debtor to borrow again following part or full repayment of the above loans, as provided for in the paragraph "CONSTANT AND ON-GOING HYPOTHEC" hereinafter, the parties also want to provide the possibility for the Debtor, without any prior repayment, to borrow from the Creditor additional sums under the Act which could reach a total amount of SAISIE dollars ($ SAISIE), loans which would be secured by this hypothec, without obligation in all cases for the Creditor to grant new loans and for the Debtor to contract them;

**c)** The parties agree that the guarantees granted below shall remain collateral securities, constant and continuous. They shall have full effect until the loans mentioned in the above subparagraph a) and those which should be granted in accordance to the above subparagraph b) or in accordance to the paragraph entitled "CONSTANT AND ON-GOING HYPOTHEC" hereinafter, have been fully repaid in capital, interest, costs and accessories, all these loans hereinafter called "THE LOAN";

**d)** To secure repayment of the loan, the Debtor offers the Creditor to grant him the following guarantees.

***LOAN WITH RISK SHARING*** *using more than one loan which only one is granted by La Financière agricole (if not applicable, remove the subparagraphs a), b) and c)).*

*N.B.: If, according to the loan certificate, the risk sharing must be done only with one loan partly granted by La Financière agricole, you must use the unit "****LOAN******WITHOUT RISK SHARING*** *which hypothec* ***is not*** *destinated to secure the future needs provided for in the* ***Global******Investment Plan****"**above.*

**a)** The Debtor acknowledges that he owes the Creditor the total sum of SAISIE dollars ($ SAISIE), according to the following deeds of loan:

- loan made to him under the Act respecting La Financière agricole du Québec (CQLR, chapter L‑0.1), hereinafter called the "Act", as a result of the deed of loan, dated SAISIE, a copy of which is attached hereto, La Financière agricole du Québec being hereinafter called "La Financière agricole";

- loan made to him as a result of the deed of loan dated SAISIE, which a copy remains attached to this agreement;

**b)** The parties agree that the guarantees granted below shall remain collateral securities, constant and continuous. They shall have full effect until the loan and every loan made to the Debtor according to the paragraph entitled "CONSTANT AND ON-GOING HYPOTHEC" hereinafter, have been fully repaid in capital, interest, costs and accessories, all these loans hereinafter called "THE LOAN";

**c)** To secure repayment of the loan, the Debtor offers the Creditor to grant him the following guarantees.

2- **GUARANTEES**

To secure repayment of the loan in capital, 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 sum of SAISIE dollars ($ SAISIE), bearing interest at the annual rate of twenty-five percent (25 %), in favour of the Creditor, the following properties:

*COMPLETE THE PARAGRAPH DEPENDING ON WHAT IS REQUIRED IN THE LOAN CERTIFICATE using the appropriate subparagraphs and removing the others.*

**QUOTA AND PROCEEDS OF ITS DISPOSAL**

* An existing quota of SAISIE issued by SAISIE for the benefit of SAISIE and any proceeds of its possible disposal, in whole or in part.
* A quota of SAISIE to be acquired by SAISIE out of the loan identified at subparagraph a) of paragraph 1 above entitled "DECLARATION" and any proceeds of its possible disposal, in whole or in part.
* The universality of any quota for milk production, present and future, issued by Les Producteurs de lait du Québec and held or may be held in the future by the Debtor, and any proceeds of its possible disposal, in whole or in part.
* The universality of any quota for poultry production, present and future, issued by Les Éleveurs de volailles du Québec and held or may be held in the future by the Debtor, and any proceeds of its possible disposal, in whole or in part.
* The universality of any quota for laying hens, present and future, issued by la Fédération des producteurs d’oeufs de consommation du Québec and held or may be held in the future by the Debtor, and any proceeds of its possible disposal, in whole or in part.
* The universality of any quota for laying hens, present and future, issued by le Syndicat des producteurs d’oeufs d’incubation du Québec and held or may be held in the future by the Debtor, and any proceeds of its possible disposal, in whole or in part.

The proceeds of any disposal of a quota mentioned above shall be remitted by the Debtor to the Creditor or directly collected by the latter and deposited in his hands. With the authorization of La Financière agricole, the Creditor will be entitled to use all or part of these proceeds to reimburse the loan or to remit them to the Debtor, for the purposes and in the manner determined by La Financière agricole.

The Debtor undertakes not to dispose of all or any part of any quota mentioned above without the written consent of the Creditor and La Financière agricole.

The Debtor also authorizes the organization mentioned above not to transfer the quota without the Creditor's written consent, subject to the quota’s regulation.

*COMPLETE THE PARAGRAPH DEPENDING ON WHAT IS REQUIRED IN THE LOAN CERTIFICATE OR IN THE AUTORISATION. The following text is provided in the event where* ***only*** *the quota must be hypothecated. In these cases, remove the above subparagraphs, the proceed of disposal of the quota being already hypothecated.*

**QUOTA**

* An existing quota of SAISIE issued by SAISIE for the benefit of SAISIE.
* The universality of any quota for milk production, present and future, issued by Les Producteurs de lait du Québec and held or may be held in the future by the Debtor.
* The universality of any quota for poultry production, present and future, issued by Les Éleveurs de volailles du Québec and held or may be held in the future by the Debtor.
* The universality of any quota for laying hens, present and future, issued by la Fédération des producteurs d’oeufs de consommation du Québec and held or may be held in the future by the Debtor.
* The universality of any quota for laying hens, present and future, issued by le Syndicat des producteurs d’oeufs d’incubation du Québec and held or may be held in the future by the Debtor.

The Debtor undertakes not to dispose of all or any part of any quota mentioned above without the written consent of the Creditor and of La Financière agricole.

The Debtor also authorizes the organization mentioned above not to transfer the quota without the Creditor's written consent, subject to the quota’s regulation.

**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- **CONSENT OF DEBTOR**

The Debtor agrees that the moneys loaned may be used to pay any hypothecary or prior claim or any charge whatsoever ranking higher than the hypothecs contemplated in the certificate authorizing the loan, hereinafter called the "certificate", and delivered by La Financière agricole. Should the amounts be insufficient, the Creditor shall be entitled, without restricting his other rights and remedies, to demand repayment of the amounts already disbursed, notwithstanding the term agreed upon.

4- **COMMITMENTS OF THE DEBTOR**

Until the loan has been repaid in full, the Debtor shall:

a) ensure that the hypothecated property, above, is free at all times from any priority, hypothec or charge that may rank higher than the rights of the Creditor, except, as the case may be, those stated below, and to remit to the Creditor and La Financière agricole, upon request and at his own expense, any waiver, cession of rank, discharge or release that they may deem necessary to maintain the primacy of the rights of the Creditor over the hypothecated property;

b) immediately pay to the lessor the rent of any farm operation the lease of which is required in the certificate, and pay any taxes, assessments, apportionments, and other land taxes encumbering the rented property, if such is a condition of the lease, and hand over to the Creditor the receipts attesting payment thereof within fifteen (15) days of the due date;

c) if La Financière agricole makes a request, require that the purchaser assume, in whole or in part, personally and solidarily with him and, if necessary, solidarily with any co-owner, the payment of the loan as well as the obligations took by the original Debtor, without novation. The Debtor undertakes to provide to the Creditor, at his own expense, a copy bearing a registration certificate, if necessary, of any deed of transfer of the property. The Debtor undertakes to provide to the Creditor, at his own expense, a certified copy of a notice of preservation of hypothec under the purchaser's name and proof that it was sent to him, registered within the time prescribed under article 2700 of the Civil Code of Québec;

d) obtain prior authorization from La Financière agricole for the release by the Creditor of any Debtor or the release by the Creditor, with or without consideration, of any security taken under the present;

e) comply with all federal, provincial, and municipal laws and regulations, including, but not limited to, environmental, land protection, animal welfare, and labour and human rights laws and regulations, and specifically

* obtain, where necessary, any certificate of authorization, permit, or certification issued under these laws and regulations;
* take such steps as may be necessary to ensure that his business and the assets on which he has issued guarantees comply at all times with the various standards set out in these laws and regulations and provide the Creditor and La Financière agricole, upon request, with any document that may be issued in this regard;
* where applicable, allow the Creditor and La Financière agricole to inspect or cause to have inspected the Debtor’s business and the assets on which the Creditor has issued guarantees in order to ensure compliance with the standards enacted under these laws and regulations, and, upon request, allow them access for this purpose;
* where applicable, notify the Creditor and La Financière agricole forthwith after a judgment, notice, or order issued under such laws and regulations is served on the Debtor or is published against his assets and provide them with a copy of such judgment, notice, or order;
* where applicable, promptly take the necessary steps to remedy the defect alleged in the notice or order or, where applicable, to obtain the cancellation of their publication against his assets;
* take the necessary measures to ensure that the activities he performs are carried out in accordance with the various standards enacted by these laws and regulations;

- in all cases, pay the costs resulting from the obligations provided for in this paragraph. The Creditor may also take the necessary measures, at the Debtor’s expense, to ensure that his assets comply with the standards enacted under these laws and regulations;

f) provide the Creditor and La Financière agricole, at the Debtor's expense, with all the information and documents deemed necessary.

5- **DEFAULT**

In addition to the cases provided for in the loan, the Debtor shall also be in default if he or any subsequent owner of the hypothecated property:

a) does not comply with the obligations resulting from this agreement;

b) does not obtain the release of any legal hypothec of the construction encumbering the hypothecated immovable within ten (10) days of its registration, except if he is disputing its validity in good faith and provides the Creditor with any additional guarantee required by the latter to protect his rights, in which case this requirement will be suspended pending a final ruling on the matter;

c) does not obtain the release from any seizure of the hypothecated property ordered by a court;

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

e) makes a false or inaccurate statement in this agreement, or if 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 a case, the Creditor shall be entitled, without restricting his other rights and remedies, to:

1) claim immediate repayment 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.

6- **BORROWING COSTS**

The Debtor shall pay the costs and honorary fees incurred by this agreement, any publication, surveying, appraisal and inspection costs, including those related to any renewal, notice, hypothec, waiver, 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.

7- **DECLARATIONS OF THE DEBTOR**

The Debtor declares that:

a) he has full ownership of the hypothecated property or owns it by emphyteutic lease and that it is not encumbered by any priority, hypothec or charge other than:

SAISIE

b) his business is in conformity with the laws, regulations and by-laws respecting the protection of the environment, that no notice or order under these laws, regulations and by-laws has been served on him or has been registered against the immovables of his business, and that he is currently facing no proceedings or pending proceedings involving these laws, regulations and by-laws.

8- **CONSTANT AND ON-GOING HYPOTHEC**

Notwithstanding all contrary provisions, the parties agree that in spite of the expiration of the above loan and of its reimbursement, the Debtor may ask the Creditor to grant him a new loan under the Act, as long as the balance of the loans secured by this agreement does not exceed the amount of the hypothec mentioned at the paragraph 2. The Debtor may also ask for another loan within a shared risk loans agreement between La Financière agricole and the Creditor.

If La Financière agricole and the Creditor agree to it and to the payment of administrative fees required by them, as well as the registration fees for any renewal notice for the foreseen hypothecs in the current agreement, these hypothecs will assure the Creditor of the reimbursement of this or these new loans in capital, interest, costs and accessories, and all the clauses in the present agreement will continue to be applicable.

9- **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.

10- **CIVIL STATUS AND MATRIMONIAL REGIME**

The Debtor states:

SAISIE

11- **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.

12- **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.

Executed in two (2) copies signed by the parties at SAISIE, this SAISIE

(the Creditor)

(the Debtor)