

**Terms and Conditions**

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| <b>Agreement No:</b> | <b>106688</b> |
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**1. Attachment:** The Debtor acknowledges that value has been given and that Accord's security interest in the Equipment attaches upon the execution of this Agreement, or if the Debtor has no interest in the Equipment, or in any part of the Equipment, upon execution than at the same time the Debtor acquires an interest in the Equipment.

**2. Credit Investigation & Consent to Information Sharing:** The Debtor hereby authorizes Accord, its agents, affiliates, subsidiaries, and third-party service providers, at any time whether it be before, during, or after the completion of this Agreement, to conduct financial and credit investigations of the Debtor, its individual principals, shareholders, guarantors, and/or persons otherwise connected with this Agreement, and to collect, use, share, and disclose personal and business information about such parties for the purposes of approval, maintenance, statistical analysis, and enforcement (the "Information"), from any source to which Accord may apply and each source is hereby authorized to provide the Information to the Accord. Sources of the Information may include, but are not limited to, credit reporting agencies, credit bureaus, creditors, credit grantors, or any banking or other financial institution. Accord may further collect, use, and disclose the Debtor's Social Insurance Number or other personal identifier to verify and report credit information to credit bureaus or credit reporting agencies as well as to confirm identities. The Debtor understands and consents to the Information being held on file by Accord as per Accord's official Privacy Policy, which is available upon request.

**3. Indemnification:** The Debtor hereby agrees to indemnify and save Accord and its affiliates, subsidiaries, officers, directors, agents, and servants, harmless from and against any and all actions, claims, liens, costs, damages, disbursements, expenses (including legal expenses), liabilities, taxes, charges, fees, or any losses whatsoever suffered or incurred by Accord, due to the Debtor's ownership, use, or possession of the Equipment, any breach by the Debtor of any provision under this Agreement, or any exercise by Accord of enforcing its rights or remedies under this Agreement.

**4. Joint And Several Liability:** EACH DEBTOR (if there is more than one Debtor) acknowledges and agrees that liability for all obligations under this agreement is joint and several (and in the Province of Quebec, solidarily).

**5. Insurance:** The Debtor shall obtain and maintain for the term of this Agreement, at its own expense, insurance for all risks of physical loss or damage to the Equipment and to persons associated with the Equipment, including without limitation, theft, collision, personal injury or death, liability and damage to the property of others, and such other risks of loss as are customarily covered by insurance on like equipment and maintained by prudent operators of businesses similar to that in which the Debtor is engaged, in such amounts, in such form, on such terms, and with such insurers as shall be satisfactory to Accord, including insurance for damage or destruction to the Equipment in a sum not less than the greater of the amount secured by this Agreement and the replacement cost of the Equipment. Accord may, if the Debtor's insurance is inadequate, require that insurance on the Equipment be improved, changed, or amended to comply with this Agreement.

Each insurance policy will designate Accord as a first loss payee and specify that the proceeds of insurance generated in the event of any damage to or loss of the Equipment (the "Proceeds") shall be allocable exclusively to the Equipment and payable solely to Accord, and segregated

from proceeds generated by any damage to or loss of other insured property and/or persons, and any refund of premium is hereby assigned to Accord. Each insurance policy shall also contain a clause requiring the insurer to give at least thirty (30) days written notice of any alteration to the terms of such policy, and its cancellation. All insurance policies and renewal certificates shall be provided to Accord upon request. The Debtor shall provide Accord with prompt notice of any damage to or loss of any part of the Equipment.

If the Debtor fails to maintain insurance, or otherwise fails to provide a certificate of insurance to Accord, the Debtor agrees that Accord shall be entitled, but not obliged, to obtain the required insurance, and the Debtor shall cooperate with Accord's insurer in connection with the placement of such insurance and the processing of any claims. Nothing herein shall be deemed to obligate or Accord to act as an insurer, or to secure, maintain in force, or renew any insurance, in any amounts, or upon any specific terms and conditions, and Accord reserves the right to terminate any such insurance coverage which Accord may arrange, or allow same to lapse, without liability to Debtor. Any amounts incurred by Accord shall be borne by the Debtor and form part of the Indebtedness and be payable as set out in Section 17 of this Agreement.

**6. Performance and Reimbursement:** The Debtor agrees that Accord shall be entitled, but not obliged, to perform any of obligations of the Debtor under this Agreement should the Debtor fail to do so.

Any and all payments, charges, costs, fees, expenses, damages, or liabilities suffered or incurred by Accord due to the non-performance by the Debtor of its obligations under this Agreement shall be borne by the Debtor and all such amounts paid by Accord shall be immediately due and payable by the Debtor and form part of the Indebtedness, and shall bear interest at the implicit rate per annum then applicable to amounts due under this Agreement, calculated and compounded monthly, until paid, and shall be secured by this Agreement.

**7. Representations & Warranties:** The Debtor represents and warrants to Accord (such representations and warranties shall survive termination of this Agreement), and acknowledges Accord's reliance thereon in entering into this Agreement, that:

(a) All information, data and reports (financial or otherwise) furnished by or on behalf of the Debtor to induce Accord to enter into this Agreement were true, accurate and complete in all material respects at the time that they were furnished to Accord, and contains no untrue statement of fact and does not omit to state a material fact, the omission of which would cause such information to be misleading;

(b) There are no facts directly relating to the Debtor, not disclosed herein or otherwise disclosed to Accord which, if known to Accord, might reasonably be expected to deter Accord from completing the transaction contemplated in this Agreement;

(c) The Debtor is a corporation duly incorporated and organized, and validly existing under the laws applicable to it;

(d) The Debtor has and will continue to have the power, capacity, legal right, and authority to execute, deliver and perform this Agreement, and to own its property and carry on its business;

(e) This Agreement and its execution, delivery and performance has been duly authorized by all necessary corporate action and does not and will not contravene or conflict with the Debtor's constating documents, by-laws, resolutions, or shareholders agreements, any agreement by which Debtor may be bound, or any provision of any applicable law, regulation, court order or ruling of any judicial or quasi-judicial body;

(f) There are no actions, suits or proceedings pending or, to the knowledge of the Debtor, threatened, at law or in equity or before any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any court or arbitrator of any kind, which involve a reasonable possibility of any material adverse change in the financial condition of the Debtor and, to the best knowledge of the Debtor, the Debtor is not in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court, arbitrator or federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign;

(g) The Debtor has good and marketable title to the Equipment, free from all encumbrances beyond those approved in writing by Accord;

(h) There has been no assignment, sale, transfer, conveyance, mortgage, charge, pledge or hypothecation, absolute or contingent, direct or indirect, of the whole or any part of the Debtor's rights, title, and interest in any of the Equipment;

(i) The Equipment Schedule forming part of this Agreement is complete and accurately describes the Equipment, and the Equipment:

- (i) was not acquired as consumer goods, and shall not be used as consumer goods;
- (ii) is in good operating condition and repair and in satisfactory condition for its intended uses;
- (iii) is located at the Equipment Location set forth above;

**8. Covenants:** The Debtor covenants and agrees with Accord that:

(a) Positive Covenants:

- (i) *Priority Debt:* The Debtor shall duly and punctually pay, or cause to be paid, all Priority Debt (as defined below) when due, and will forthwith provide Accord with notification of outstanding amounts owing by the Debtor in relation to any Priority Debt. "**Priority Debt**" means debt owing by the Debtor with respect to federal, provincial, or municipal taxation authorities, which includes but is not limited to, property taxes, GST/HST, source deductions, income tax, employee deductions, employer health tax, and workers compensation contributions, and further includes any statutory claims under the *Wage Earner Protection Program Act*, SC 2005, c. 47, s. 1, statutory liens, charges, encumbrances, or claims against the assets of the Borrower, including but not limited to, liens under the *Forest Act* [RSBC 1996] c. 157, Repairmen's Liens, Garage Keeper's Liens, Mechanic Liens, Woodsman's Liens, and Builders Liens, and all such jurisdictional equivalents;
- (ii) *Perform Obligations.* The Debtor shall fully observe and perform its obligations under this Agreement, including, without limitation, duly and punctually making all payments, and paying any and all amounts payable by the Debtor to Accord, when due;
- (iii) *Corporate Existence.* The Debtor shall maintain in good standing its corporate existence under the laws of its jurisdiction

of incorporation and qualify and remain duly qualified to do business and own property in each jurisdiction in which such qualification is necessary in view of its business and operations;

(iv) *Compliance with the Law.* The Debtor shall comply, in all respects, with all applicable laws, ordinances, rules, regulations and orders pertaining to the Debtor and applicable to the Equipment, and any of its property, assets, and undertakings;

(v) *Obtain/Maintain Licenses.* The Debtor shall obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of the Equipment, its property, assets and undertakings or to the conduct of its business(es), in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a material adverse effect;

(vi) *Location.* The Equipment is and shall remain located at the Equipment Location set forth above and the Debtor shall permit Accord, and all those designated by Accord (the "**Designates**") to visit and inspect the Equipment, and the Debtor shall ensure that Accord and the Designates have free and unrestricted access to the Equipment, and that Accord and the Designates will be provided with such information and data relating to the Equipment as Accord and the Designates may reasonably request;

(vii) *Changes.* The Debtor will promptly notify Accord in writing of:

- A. any transfer, authorized or unauthorized, of any interest in, or benefit from, the Equipment;
- B. any change, authorized or unauthorized, in the location of the Equipment; and
- C. any change in the location of the head office of the Debtor;

(viii) *Maintain Equipment.* The Debtor shall maintain and keep the Equipment in good operating condition and repair and in satisfactory condition for its intended uses, and be maintained and used accordance with good business practices and the specifications and recommendations of its manufacturers and suppliers (and shall enter into all maintenance or service agreements as may be necessary to do so) and in compliance with all applicable laws, and the Debtor shall pay all expenses, costs, taxes, fees, charges, and assessments arising in respect of the Equipment and its use, and the Equipment shall be conspicuously marked as required by Accord to reflect Accord's interest therein;

(ix) *Financial Information.* During the continuance of this Agreement, the Debtor shall provide Accord with interim and/or annual financial statements, or such other information respecting its financial condition or operations as Accord may request from time to time;

(x) *Canada Revenue Agency Payments.* The Debtor shall, upon request by Accord, provide Accord with written confirmation that all remittances to the Canada Revenue Agency by the Debtor are up to date with no amounts being in arrears;

(xi) *Notice of Litigation.* The Debtor shall promptly provide Accord with written notice of all litigation and all proceedings before any governmental or regulatory agencies or arbitration authorities affecting it, except those which, if adversely determined, would not have a material adverse effect on its financial condition or business(es);

(a) Negative Covenants:

- (i) *Further Encumbrances.* The Debtor will not place or secure any debt in addition to financing under this Agreement against any of the Equipment, nor will it create, assume or permit to exist any mortgage, charge, hypothec, pledge, lien or other encumbrance or security interest with respect to any of the Equipment, without the prior written consent of Accord;
- (ii) *Provide Loans/Guarantees.* The Debtor shall not make any advances or loans to, or any investment in, or provide any guarantees on behalf of, any corporation, entity, or person;
- (iii) *Transfer.* The Debtor shall not sell, lease, loan, assign, provide the benefit of, or dispose of the Equipment, or any part thereof, to any other person, or replace, alter, upgrade, or modify the Equipment, excepting that the Debtor may replace or upgrade parts of the Equipment in order to comply with its obligations under this Agreement provided that such parts are free and clear of all liens and encumbrances, and the fair market value of the Equipment is thereafter greater than its value prior to such replacement or upgrade. Any proceeds arising from a disposition of Equipment which does not comply with the foregoing sentence shall be held by the Debtor in trust for Accord and immediately due and payable by the Debtor to Accord;
- (iv) *Corporate Structure.* The Debtor shall not amalgamate, consolidate or merge with any other corporation, entity, or person;
- (v) *Capital Structure.* The Debtor shall not redeem any of its redeemable shares, pay dividends in excess of net income, or otherwise change its capital structure or make any form of capital withdrawal;
- (vi) *Partnership.* The Debtor shall not enter into a partnership, joint venture or similar relationship with any other corporation or entity;
- (vii) *Circumvent Security.* At no point in time will the Debtor operate in such a manner so as to divert income to a related or other corporation, entity, or person;
- (viii) *Transactions.* The Debtor shall not pay non market rates for products and/or services to a related corporation, entity, or person;
- (ix) *Change of Name.* The Debtor shall not change its name unless thirty (30) days' prior written notice thereof has been given to Accord;
- (x) *Change of Fiscal Year End.* The Debtor shall not change its fiscal year end;
- (xi) *Fixture.* The Debtor shall not allow the Equipment, or any part thereof, to become a fixture, accession, or leasehold improvement.

**9. Prepayments:** If the Debtor is not in Default, it may on any scheduled installment payment date, discharge the Indebtedness hereunder, provided that:

- (a) The Debtor has irrevocably given Accord at least thirty (30) days written notice of its intent to prepay; and
- (b) The Debtor pays Accord the whole of the Indebtedness then outstanding plus any accrued and unpaid interest thereon at the date of such payment and any of Accord's unamortized expenses, fees, and costs incurred to underwrite this Agreement, plus:
  - (i) if the Prepay Notice is received by Accord any time up to and including the first twelve (12) months of the Agreement, a sum of money equal to twelve (12) months interest at the rate implicit hereunder; or

- (ii) if the Prepay Notice is received by Accord after the first twelve (12) months of the Agreement, a sum of money equal to six (6) months interest at the rate implicit hereunder;
- (iii) if the Prepay Notice is received by Accord at any time after the time periods stipulated in Sections 9 (b)(i) - (ii) above, a sum of money equal to three (3) months interest at the rate implicit hereunder.

**10. Assignment:** This Agreement shall not be assignable by the Debtor. Accord may, without the consent of or notice to the Debtor, assign the benefit of this Agreement to any assignee, and if so assigned, the assignee takes the place of Accord in this Agreement.

**11. Tracking Device:** Accord reserves the right to install any tracking or engine control device and to use same for its benefit to locate, secure, or seize the Equipment. Accord's right to do so is cumulative with all other remedies set out herein and available at law. Accord will not be responsible for any damage or loss of business suffered by the Debtor as a result of such use by Accord of any tracking or engine control device.

**12. Security Deposit:** Accord may apply the Security Deposit as it wishes, at any time, to any amounts due under this Agreement if not paid by the Debtor. The Debtor will not earn any interest on the Security Deposit. Upon termination of this Agreement, the Security Deposit, net of any arrears of payments or other amounts due under this Agreement, will be refunded to the Debtor.

**13. Default:** Each of the following constitutes an event of default under this Agreement (a "Default") without the giving of any notice or the lapse of any time:

- (a) Failure of the Debtor to pay when due any amount payable under this Agreement;
- (b) Failure of the Debtor to comply with any covenants or conditions under this Agreement, or to perform any obligations under this Agreement;
- (c) Failure of the Debtor to duly and punctually pay, or cause to be paid, all Priority Debt when due;
- (d) Any warranty, information, or representation made herein or furnished by or on behalf of the Debtor in connection with this Agreement proves to have been materially incorrect when made or furnished to Accord;
- (e) Any of the following occurs in respect of or is instituted or claimed by or against the Debtor:
  - (i) an event of bankruptcy;
  - (ii) an inability to pay debts;
  - (iii) proceedings in or in respect of bankruptcy, insolvency, receivership, winding-up, liquidation, amalgamation or dissolution; or
  - (iv) an arrangement or compromise with or assignment for the benefit of creditors;
- (f) The Debtor permits any execution, attachment, distress, or writ to be levied against the Equipment;

(g) The Equipment is damaged or destroyed, unless Accord in its sole determination elects to apply the proceeds of insurance to the replacement of such Equipment;



(h) If the Debtor is an individual and he/she dies or becomes incompetent, or, if the Debtor is other than an individual and it sells any of its assets out of the ordinary course of business (regardless of whether the Equipment is part of such sale), or a direct or indirect change in control of the Debtor occurs (including a change in the Debtor's ultimate beneficial ownership);

(i) The Debtor ceases or threatens to cease its business;

(j) The Debtor pays dividends or other distributions which, in the sole determination of Accord, impair the financial health of the Debtor;

(k) The Debtor removes or permits removal of the Equipment from the Equipment Location, or sells, leases, disposes, or proposes to dispose of the Equipment or any interest therein;

(l) Any lien or encumbrance of any kind whatsoever attaches to the Equipment with priority to or on a *pari passu* basis with this Agreement, or any lien or encumbrance becomes enforceable against the Equipment or any of the Debtor's other assets, regardless of its priority thereto, or any debt of the Debtor becomes accelerated;

(m) Accord has commercially reasonable grounds to believe that the prospect of payment or performance under this Agreement is or is about to be impaired, or that the Equipment is or is about to be placed in jeopardy;

(n) An event of default occurs under any other contract, lease, or agreement as between the Debtor (or any of them, if there is more than one Debtor) and Accord (or any of Accord's related companies, subsidiaries, and affiliates); or

(o) Any guarantor of the Debtor's obligations under this Agreement disputes its obligations under its guarantee, or seeks to terminate its guarantee of the Debtor's future obligations or becomes subject to any of the events set out in Sections 13 (b) - (d), (g), (j) - (k) above.

**14. Cross-Collateral Default:** A Default under this Agreement shall be deemed to trigger a material event of default under any other contract, lease, or agreement as between the Debtor (or any of them, if there is more than one Debtor) and Accord (or any of Accord's related companies, subsidiaries, and affiliates), whether Accord is the original lender/lessor or an assignee), or between the Debtor and any of Accord's related companies and subsidiaries. Accord may elect, in its sole and absolute discretion, to forbear enforcement on any other agreement between the Debtor and Accord, but in so doing, Accord shall not be deemed to waive its rights under this Section 14.

**15. Remedies:** Upon a Default having occurred and at any time thereafter, Accord shall have the following rights and remedies, each of which are cumulative and are in addition to and not in substitution for or a limitation of any rights or remedies provided by law, all of which may be exercised alone or in conjunction with any other of Accord's rights and remedies herein or otherwise at law (provided only that such rights are not inconsistent), and Accord shall not be required to enforce or exhaust any particular remedy, as against any particular Debtor, but may choose to enforce against any one Debtor or all of them:

(a) Accord may, by notice to the Debtor, declare all of the Indebtedness to be immediately due and payable, and Accord may set-off against any amounts owing by it to the Debtor;

(b) Accord may pay off any lien or encumbrance against the Equipment and any amounts incurred by Accord, with costs, shall be borne by the Debtor and form part of the Indebtedness and shall bear interest as set out in Section 17 until paid;

(c) Accord may seize or disable the Equipment wheresoever it is situated, or may sue the Debtor for all the Indebtedness owing under this Agreement, or do both, and any judgment and/or seizure or disposition of the Equipment shall not create any merger of Accord's rights herein;

(d) In the event that Accord has seized or disabled the Equipment, Accord or its agent may:

(i) without notice to the Debtor repair, or sell, consign, lease, or otherwise dispose of the Equipment by private contract or by private or public auction, and shall have all rights of access to the Equipment necessary in Accord's opinion to effect such disposition and the Debtor authorizes its landlord to provide Accord with such access, and Accord may in its discretion establish such terms of disposition as it deems desirable, including credit, reserve bids, payment terms and price; or

(ii) elect to retain the Equipment in satisfaction of all or part of the Indebtedness. In the event Accord elects to retain the Equipment in respect of less than all of the Indebtedness, Accord shall advise the Debtor of the part of the Indebtedness the Equipment is retained in respect of, and Accord shall act reasonably in ensuring that the net realizable value of such Equipment equates to the value of such Indebtedness, which may in Accord's sole discretion include relying on the judgment of appraisers, and Accord may thereafter continue to enforce all rights and remedies available to it to recover payment in respect of any part of the Indebtedness which remains unsatisfied;

(e) All costs of repairs and all other costs incurred in connection with the seizure, disabling, holding, and disposition of the Equipment, including fees of its agents and professional advisers (including all legal fees), all allowable and reasonable costs in effecting the collection, whenever and howsoever incurred, and a sum of money equal to three (3) months interest at the rate implicit per annum, and any amounts incurred by Accord shall be borne by the Debtor and form part of the Indebtedness and shall bear interest as set out in Section 17 until paid;

(f) In the event the Equipment is sold, all proceeds of sale shall be applied by Accord in reduction of the Indebtedness in the order Accord, in its sole discretion, determines is appropriate and the Debtor shall continue to be liable for any deficiency;

(g) Accord shall have no liability due to any failure to seize, realize, dispose of, or otherwise deal with the Equipment or any other collateral, or failure to enforce any of its other rights against the Debtor or any other person or for any negligence on its part or the part of its agents, nor shall Accord be bound to institute proceedings against any person for such purposes or for the purpose of preserving its rights in respect of the Equipment;

(h) If Accord or its agents take possession of the Equipment they shall have no liability as a creditor in possession and shall not be accountable for anything other than actual receipts.

(i) The Debtor's liability for the Indebtedness is not subject to the equities between it and Accord and no right of set-off by the Debtor shall apply. Upon the occurrence of a Default, the Debtor hereby irrevocably waives time for the payment of the Indebtedness;



(j) Accord may, in lieu of or in addition to exercising any of its rights and remedies under this section, appoint or retain any person as its agent to exercise such rights and remedies.

**16. Pre-Authorized Payments:** The Debtor authorizes Accord or its assigns to draw regular payments for business purposes (the "PAP" or "PAP's") from its designated bank account (whether it continues to be maintained at the current location or at another branch of the bank, or at another bank) (the "**Designated Account**") to cover all of the required payments, fees, and interest, under this Agreement. Each PAP will be drawn from the Designated Account in the amounts and due dates determined under this Agreement.

**The Debtor specifically waives any pre-notification requirements that apply to any PAP and agrees that written notice will not be provided (1) before the due date of any PAP, (2) of any change to the amount of any PAP, and (3) of any change to the due dates.** Accord will obtain the specific prior authorization of the Debtor for one-time or other sporadic PAP's, the amounts or due dates of which are not identified in this Agreement.

The Debtor warrants that all persons whose signatures are required to sign on the Designated Account have signed this Agreement. The Debtor will immediately notify Accord in writing of any change to the Designated Account, and in any event, no later than ten (10) days post change. Accord is not responsible to notify the Debtor if any PAP is reversed due to non-sufficient funds, funds not cleared, or changes to the Designated Account. In such an event, Accord may re-present the PAP within 30 days of the original due date. The Debtor is responsible for any charges that arise from such a situation and is required to ensure that the necessary payment is made to Accord through an alternative method. The Debtor must contact Accord to arrange for coverage of any missed payment(s).

The Debtor may change or cancel this PAP authorization at any time on thirty (30) days written notice to Accord: Accord Small Business Finance Corp., 305 – 889 Harbourside Drive, North Vancouver, BC, V7P 3S1, (phone: (604) 982-3031; fax: (888) 835-9757; email: customerservice@accordfinancial.net). However, the Debtor hereby acknowledges that PAP's are a CONDITION OF THIS AGREEMENT. Cancelling this PAP authorization without immediately replacing it, will be considered an Event of Default under this Agreement. In the event Accord waives the requirement for PAP's, then the Debtor will pay a service charge for other payment methods. The Debtor acknowledges that the right to cancel this PAP authorization only applies to the method of payment and has no bearing otherwise on the obligations under this Agreement.

**Accord may assign this authorization to any third party to whom it assigns its interest in this Agreement. The Debtor will be notified of the identity and contact information of any such assignee.** The Debtor has certain recourse rights if any PAP does not comply with this Agreement. For example, the Debtor has the right to receive reimbursement for any PAP that is not authorized or is not consistent with this Agreement. To obtain more information on the recourse rights of the Debtor, or the rights of the Debtor to cancel a PAP authorization, or to obtain a sample cancellation form, the Debtor should contact its financial institution or visit [www.cdnpay.ca](http://www.cdnpay.ca).

**17. Overdue Payments:** When a payment or any other amount owing by the Debtor under this Agreement is not paid when due, the Debtor agrees to pay Accord a late fee of \$10.00 for each month or partial month during which such amount is unpaid, plus interest at the rate of 28.8% per annum, calculated and compounded monthly, payable on demand. The Debtor further agrees to pay to Accord a Returned Cheque Charge of \$50.00 plus

GST payable on demand for each dishonoured cheque. All such amounts payable to Accord under this Section 17 shall form part of the Indebtedness.

**18. Charge on Land:** The Debtor hereby charges any lands which it owns or may in the future own during any time when any amount remains outstanding under this Agreement and it authorizes the registration of any and all caveat(s), lien(s), or other encumbrances against any such property. Accord reserves the right to file such registration(s) at any time during this Agreement

**19. Law:** This Agreement is governed by the laws in which the use of the Equipment was originally intended as indicated by the Equipment Location and the parties attorn to the jurisdiction of the courts of such province. Terms not otherwise defined in this Agreement have the meaning ascribed them under the PPSA unless the context is inconsistent with this Agreement. To the maximum extent permitted by law, the Debtor waives its rights and all benefits under any existing or future statute which limits the rights and/or remedies of a secured party and, in particular, agrees that Part 6 of the *Law of Property Act* (Alberta), the *Seizures Act* (Alberta) and the *Limitation of Civil Rights Act* (Saskatchewan), or any amendments or regulations thereof, shall not apply to this Agreement.

**20. Criminal Code:** Notwithstanding any provision in this Agreement to the contrary, in no event will the aggregate "interest" (as defined in section 347 of the *Criminal Code* (Canada)) payable by the Debtor under this Agreement exceed the maximum effective annual rate of interest on the "credit advanced" (as defined in that section 347) permitted under that section and, if any payment, collection or demand pursuant to such loan agreement in respect of "interest" (as defined in that section 347) is determined to be contrary to the provisions of such section 347, such payment, collection or demand will be deemed to have been made by mutual mistake and the amount of such payment or collection will be refunded to the Debtor only to the extent of the amount which is greater than the maximum effective annual rate permitted by such laws. For purposes of determining compliance with such section 347, the effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term of this Agreement and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Accord will be prima facie evidence for the purposes of such determination.

## **21. General:**

**(a) Language.** The parties hereto agree that this Agreement and all documents related thereto be written in the English language (*Les parties en présences conviennent à ce que ce document soit rédigé en anglais*);

**(b) Notices.** Any notices required under this Agreement shall be sufficient if given in writing and delivered in person or by courier to the addresses noted above, by mail, or by email, or such further address as updated by either party from time to time upon notice to the other. Any such notice shall be deemed to have been duly given upon delivery if delivered in person, or by courier, or if given by email, only upon receipt of email confirmation from the recipient that the email has been received, or if by mail, on the fifth day after posting;

**(c) Interpretation.** Whenever the context of this Agreement so requires, the singular number shall include the plural and vice versa, and words importing gender shall include all genders. Headings are inserted for convenience of reference only and shall not affect interpretation;

(d) Waiver/Default. Waiver by Accord of any default by the Debtor, or the failure by Accord to exercise any option or right shall not constitute a continuing waiver or relinquishment of such or any default, option, or right, and Accord shall have the right to insist upon strict performance by the Debtor of any and all of the terms and provisions of this Agreement;

(e) Waiver/Remedies. Any single or partial exercise by Accord of any right or remedy for a default or breach of any term, covenant, condition or agreement herein contained shall not be deemed to be a waiver of or to alter, affect, or prejudice any other right or remedy or other rights or remedies to which Accord may be lawfully entitled for the same default or breach;

(f) Severability. The Debtor acknowledges that the provisions of this Agreement are commercially reasonable. Should any provision of this Agreement be or become illegal, invalid or not enforceable, it will be considered separate and severable from this Agreement and the remaining provisions will remain in force and be binding upon the parties hereto and be enforceable to the fullest extent of the law;

(g) Enurement. This Agreement shall enure to the benefit of Accord and its successors and assigns and shall bind Debtor and its successors;

(h) Entire Agreement. This Agreement shall constitute the entire agreement between the parties on its subject matter and the phrase "this Agreement" means this Agreement, as amended in writing from time to time, and all schedules hereto, such schedules being incorporated into and forming part of this Agreement;

(i) Further Assurances. The Debtor will immediately at the request of Accord, execute and deliver to Accord any further assurances, documents, and instruments, obtain any consents, and do any other things as Accord may reasonably require to accomplish the purposes of this Agreement, or to make any filing or registration to perfect or protect Accord's interest in the Equipment;

(j) Survival. Subject to the terms and conditions of this Agreement, all obligations of the Debtor, and the rights and remedies of Accord, including all indemnities of Accord by the Lessee, shall survive the termination of this Agreement and the receipt of all amounts due and owing by the Debtor to Accord;

(k) Time of the Essence. Time shall be of the essence of this Agreement and shall continue to be of the essence;

(l) Electronic Communication. The parties may exchange information or communicate regarding the Agreement using email or other formats of electronic communication. The parties agree and acknowledge that there are risks associated when using email and other electronic communication, and specifically that information may be accessed by third parties as a result. The parties hold each other harmless in the event that information in emails or other electronic communication is inadvertently disclosed to or otherwise assessed by third parties. The parties authorize and permit each other to communicate regarding any matters related to the Agreement using email at any email addresses provided to each other, notwithstanding that such email addresses may be used by third parties during the Agreement. Any information exchanged by email or other electronic communication will not vary, modify, amend, or change the terms or conditions of the Agreement, or any other agreements between the parties.

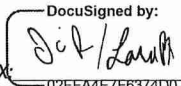
(m) Counterparts. This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement.

(n) Acknowledgment. The Debtor acknowledges that this Agreement is a valid and legally binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms (subject only to applicable laws affecting creditors generally and to general principles of equity), and further acknowledges receipt of a copy of this Agreement.

(o) Electronic Signatures. If electronic signatures are used with respect to this Agreement, any addendums, security documents, or any certificates, reports, statements, information, data, documents or instruments delivered pursuant to or in connection with the Indebtedness, the Debtor acknowledges and agrees that the application of the Debtor's electronic signature is the legal equivalent of the Debtor's manual signature and shall be deemed to be equivalent to an original signature for all purposes and that the Debtor is legally bound by the terms and conditions of this Agreement. In signing this Agreement and by initialing this provision, the Debtor consents to the use of electronic signatures.

| INITIALS   |            |
|------------|------------|
| Debtor [1] | Debtor [2] |
| Debtor [4] | Debtor [4] |

The undersigned Debtor(s) have read, understand, and accept this Agreement, including the attached Terms and Conditions, Schedules, and Letter of Direction, and hereby affirm that they are authorized to execute this Agreement.

DocuSigned by:  
  
 02FEA4E7F6374D0  
 Copperline Excavating Ltd

X: \_\_\_\_\_

X: \_\_\_\_\_

X: \_\_\_\_\_



305-889 Harbourside Dr., North Vancouver, BC V7P 3S1  
 Telephone: (604) 982-3010 Toll Free Fax: 1-888-835-9757  
 CustomerService@AccordFinancial.net

## LETTER OF DIRECTION

**DATE:** April 4, 2019

**TO:** Accord Small Business Finance Corp. ("Accord")

**RE:** Loan and Security Agreement No. 106688 (the "Agreement") between Accord and **Copperline Excavating Ltd** (the "Debtor")

We authorize and instruct Accord to disburse the total proceeds of **\$10,800.00** from the above-mentioned Agreement as follows:

Total Loan Proceeds:

| <u>Amount</u>           | <u>Payees</u>                    |
|-------------------------|----------------------------------|
| <b>\$10,800.00</b>      | <b>Copperline Excavating Ltd</b> |
| <b>\$0.00</b>           |                                  |
| <b>\$0.00</b>           |                                  |
| <b>\$0.00</b>           |                                  |
|                         |                                  |
| <b>Total Proceeds</b>   | <b>\$10,800.00</b>               |
| <b>Capitalized Fees</b> | <b>\$426.00</b>                  |
| <b>Principal Sum</b>    | <b>\$11,226.00</b>               |

Disbursement by Accord in accordance with the foregoing instructions shall be and constitute payment and delivery to and receipt by Debtor of any and all such proceeds.

**THE UNDERSIGNED AFFIRMS THAT HE/SHE IS DULY AUTHORIZED TO EXECUTE THIS AGREEMENT**

|                                              |                                                |
|----------------------------------------------|------------------------------------------------|
| Debtor (1): <b>Copperline Excavating Ltd</b> | Signature for Debtor (1)<br><i>[Signature]</i> |
| Debtor (2):                                  | Signature for Debtor (2)                       |
| Debtor (3):                                  | Signature for Debtor (3)                       |
| Debtor (4):                                  | Signature for Debtor (4)                       |

**Agreement No: 106688**



## Certificate Of Completion

Envelope Id: 5E5606BCE41440D2BCCCD9F73065ECA8

Status: Completed

Subject: Please DocuSign: 106688

Source Envelope:

Document Pages: 8

Signatures: 5

Envelope Originator:

Certificate Pages: 5

Initials: 1

James Jang

AutoNav: Enabled

305-889 HARBOURSIDE DR

Envelopeld Stamping: Enabled

NORTH VANCOUVER, BC V7P 3S1

Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Jjang@accordfinancial.net

IP Address: 216.210.104.226

## Record Tracking

Status: Original

Holder: James Jang

Location: DocuSign

April 4, 2019 | 11:43

Jjang@accordfinancial.net

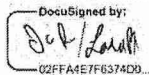
## Signer Events

Jamie Black

jamie.black@copperlineexcavating.ca

Security Level: Email, Account Authentication (Optional)

## Signature

DocuSigned by:  
  
02FFA4E7F6374D9...

Signature Adoption: Drawn on Device

Using IP Address: 207.228.78.247

Signed using mobile

## Timestamp

Sent: April 4, 2019 | 11:44

Viewed: April 4, 2019 | 12:00

Signed: April 4, 2019 | 12:00

## Electronic Record and Signature Disclosure:

Accepted: April 4, 2019 | 12:00

ID: afc43e33-722a-467d-8e30-ccb889f827e8

Company Name: Accord Small Business Finance Corp.

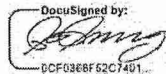
James Jang

jjang@accordfinancial.net

President

Accord Small Business Finance Corp.

Security Level: Email, Account Authentication (Optional)

DocuSigned by:  
  
DCF0368F62C74D1...

Signature Adoption: Drawn on Device

Using IP Address: 216.210.104.226

Sent: April 4, 2019 | 12:00

Viewed: April 5, 2019 | 12:51

Signed: April 5, 2019 | 12:51

## Electronic Record and Signature Disclosure:

Accepted: April 5, 2019 | 11:24

ID: 39cddc86-8b17-4a1e-bbd8-5cdf04aaab5a

Company Name: Accord Small Business Finance Corp.

## In Person Signer Events

## Signature

## Timestamp

## Editor Delivery Events

## Status

## Timestamp

## Agent Delivery Events

## Status

## Timestamp

## Intermediary Delivery Events

## Status

## Timestamp

## Certified Delivery Events

## Status

## Timestamp

## Carbon Copy Events

## Status

## Timestamp

## Notary Events

## Signature

## Timestamp

## Envelope Summary Events

## Status

## Timestamps

Envelope Sent

Hashed/Encrypted

April 4, 2019 | 12:00

Certified Delivered

Security Checked

April 5, 2019 | 12:51

| Envelope Summary Events                    | Status           | Timestamps            |
|--------------------------------------------|------------------|-----------------------|
| Signing Complete                           | Security Checked | April 5, 2019   12:51 |
| Completed                                  | Security Checked | April 5, 2019   12:51 |
| Payment Events                             | Status           | Timestamps            |
| Electronic Record and Signature Disclosure |                  |                       |

## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

From time to time, Accord Small Business Finance Corp. (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

### **Getting paper copies**

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$1.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

### **Withdrawing your consent**

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

### **Consequences of changing your mind**

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

### **All notices and disclosures will be sent to you electronically**

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

**How to contact Accord Small Business Finance Corp.:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by phone call: (604) 982-3010

To contact us by email send messages to: [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net)

To contact us by paper mail, please send correspondence to:

Accord Small Business Finance Corp / Accord Small Business Leasing Corp.

305-889 HARBOURSIDE DR

NORTH VANCOUVER, British Columbia, V7P 3S1

**To advise Accord Small Business Finance Corp. of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

**To request paper copies from Accord Small Business Finance Corp.**

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to [CustomerService@accordfinancial.net](mailto:CustomerService@accordfinancial.net) and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.



### **To withdraw your consent with Accord Small Business Finance Corp.**

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

### **Required hardware and software**

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

### **Acknowledging your access and consent to receive and sign documents electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Accord Small Business Finance Corp. as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Accord Small Business Finance Corp. during the course of your relationship with Accord Small Business Finance Corp..





305-889 Harbourside Drive, North Vancouver, BC V7P 3S1  
 Telephone: (604) 982-3010 | Toll Free Fax: 1-888-835-9757  
 CustomerService@AccordFinancial.net

**THIS LOAN AND SECURITY AGREEMENT**, its Terms and Conditions, and any schedules, attachments, or amendments hereto (collectively, this "**Agreement**") made this 4 day of April, 2019 between **Accord Small Business Finance Corp. ("Accord")** AND **Copperline Excavating Ltd** (individually and collectively, the "**Debtor**") of BOX 3006, 375 SASKATCHEWAN AVE, SPRUCE GROVE, ALBERTA T7X 3A1 with telephone 780-968-3805, and email address

**IN CONSIDERATION** of the sum of Eleven Thousand Two Hundred Twenty-Six And 00/100 Dollars (\$11,226.00) of lawful money of Canada paid by Accord to the Debtor and other value received, the receipt of which is hereby acknowledged, the Debtor agrees to repay all amounts of principal and interest, and all other amounts owing by the Debtor to Accord in accordance with the terms and conditions of this Agreement (collectively, the "**Indebtedness**"), and as general and continuing security for the payment of the Indebtedness, and the performance of all obligations of the Debtor to Accord under this Agreement, the Debtor hereby assigns and grants to and in favour of Accord, its successors and assigns, as a fixed and specific charge, lien and encumbrance on, and security interest in the equipment described in the attached Equipment Schedule, together with all additions, upgrades, components, replacements, accessions and equipment now or hereafter attached to or forming part of, and including all proceeds therefrom (including any proceeds of insurance) and substitutions therefore, and all rights, licenses (including software licences), information, records, service or maintenance agreements, guarantees and warranties in respect of or related to such equipment (collectively, the "**Equipment**"), such security interest being a purchase-money security interest to the extent it satisfies the criteria set out in the *Personal Property Security Act* ("**PPSA**"), to have and to hold the Equipment unto Accord forever, provided only that if the Debtor discharges the Indebtedness in full, Accord shall release its interest in the Equipment.

**Equipment Schedule**  
**2015 Falcan Reel Trailer - VIN: 2F9T322HXF6056453**

**Equipment Location:** same as above

FOR VALUE RECEIVED, each individual Debtor jointly and severally and unconditionally promises to pay, to or to the order of Accord, at Accord's office at Suite 305 – 889 Harbourside Drive, North Vancouver, BC, V7P 3S1, the principal amount of Eleven Thousand Two Hundred Twenty-Six And 00/100 Dollars (\$11,226.00) (the "**Principal**") together with interest calculated and compounded monthly at the rate of 14.25% per annum, in 42 blended instalments in the amounts and on such dates as set out on the face of this Agreement or any attached payment schedule, and where a period of time is shown on such schedule, then on the same day in each month during the period until payment has been made of all outstanding Principal and accrued interest hereunder, after as well as before maturity and both before and after default and/or judgment, with interest on any overdue payments at the rate of 28.8% per annum, calculated and compounded monthly (See Section 17). Such instalments will be applied first to accrued and unpaid interest and then to unpaid Principal.

All the Indebtedness, including all accrued and unpaid interest, shall become accelerated and immediately due and payable upon:

- (i) any failure of the Debtor to pay the Principal or interest when due in accordance with the terms of this Agreement, or
- (ii) on the occurrence of any "**Default**" (as defined below), all without presentment, demand, protest, notice of dishonour, or any other demand or notice whatsoever, all of which are expressly waived by the Debtor.

**PRE-AUTHORIZED PAYMENT PLAN** (see Section 16): Debtor hereby authorizes Accord to periodically draw from the Bank Account (the "**Account**") noted on the attached void cheque the periodic payment amount and other amounts due hereunder.

DocuSigned by:

(1) Authorized Cheque Signatory / Name / Title: DocuSigned by: [Signature]

02FFA4E7F6374D0...

(2) Authorized Cheque Signatory / Name / Title: \_\_\_\_\_

#### LOAN STATEMENT

|                    |                    |
|--------------------|--------------------|
| <b>\$10,800.00</b> | Amount Advanced    |
| <b>\$426.00</b>    | + Capitalized Fees |
| <b>\$11,226.00</b> | = Principal Sum    |
| <b>\$0.00</b>      | Reg. & Doc. Fees   |

#### MONTHLY PAYMENT SCHEDULE

| # | Payment  | Commencing  |
|---|----------|-------------|
| 8 | \$405.14 | May 7, 2019 |
| 3 | \$104.91 | Jan 7, 2020 |
| 9 | \$405.14 | Apr 7, 2020 |
| 3 | \$104.91 | Jan 7, 2021 |
| 9 | \$405.14 | Apr 7, 2021 |
| 3 | \$104.91 | Jan 7, 2022 |
| 7 | \$405.14 | Apr 7, 2022 |

**\$ 405.14** Security Deposit

This Agreement is only effective upon execution by an authorized officer of Accord Small Business Finance Corp. following the Debtor's execution hereof.

**Accord Small Business Finance Corp.**

The undersigned Debtor(s) have read, understand, and accept this Agreement, including the attached Terms and Conditions, Schedules, and Letter of Direction, and hereby affirm that they are authorized to execute this Agreement.

**Copperline Excavating Ltd**

Authorized Signature:

[Signature]

0CF0368F52C7401...

**Agreement No: 106690**

Date:

April 5, 2019 | 12:48:53 PDT

Debtor (1): **Copperline Excavating Ltd**

Signature for Debtor (1)

DocuSigned by: [Signature]

02FFA4E7F6374D0...

Signature for Debtor (2)

Debtor (3):

Signature for Debtor (3)

Debtor (4):

Signature for Debtor (4)

## Terms and Conditions

|               |        |
|---------------|--------|
| Agreement No: | 106690 |
|---------------|--------|

**1. Attachment:** The Debtor acknowledges that value has been given and that Accord's security interest in the Equipment attaches upon the execution of this Agreement, or if the Debtor has no interest in the Equipment, or in any part of the Equipment, upon execution than at the same time the Debtor acquires an interest in the Equipment.

**2. Credit Investigation & Consent to Information Sharing:** The Debtor hereby authorizes Accord, its agents, affiliates, subsidiaries, and third-party service providers, at any time whether it be before, during, or after the completion of this Agreement, to conduct financial and credit investigations of the Debtor, its individual principals, shareholders, guarantors, and/or persons otherwise connected with this Agreement, and to collect, use, share, and disclose personal and business information about such parties for the purposes of approval, maintenance, statistical analysis, and enforcement (the "Information"), from any source to which Accord may apply and each source is hereby authorized to provide the Information to the Accord. Sources of the Information may include, but are not limited to, credit reporting agencies, credit bureaus, creditors, credit grantors, or any banking or other financial institution. Accord may further collect, use, and disclose the Debtor's Social Insurance Number or other personal identifier to verify and report credit information to credit bureaus or credit reporting agencies as well as to confirm identities. The Debtor understands and consents to the Information being held on file by Accord as per Accord's official Privacy Policy, which is available upon request.

**3. Indemnification:** The Debtor hereby agrees to indemnify and save Accord and its affiliates, subsidiaries, officers, directors, agents, and servants, harmless from and against any and all actions, claims, liens, costs, damages, disbursements, expenses (including legal expenses), liabilities, taxes, charges, fees, or any losses whatsoever suffered or incurred by Accord, due to the Debtor's ownership, use, or possession of the Equipment, any breach by the Debtor of any provision under this Agreement, or any exercise by Accord of enforcing its rights or remedies under this Agreement.

**4. Joint And Several Liability:** EACH DEBTOR (if there is more than one Debtor) acknowledges and agrees that liability for all obligations under this agreement is joint and several (and in the Province of Quebec, solidarily).

**5. Insurance:** The Debtor shall obtain and maintain for the term of this Agreement, at its own expense, insurance for all risks of physical loss or damage to the Equipment and to persons associated with the Equipment, including without limitation, theft, collision, personal injury or death, liability and damage to the property of others, and such other risks of loss as are customarily covered by insurance on like equipment and maintained by prudent operators of businesses similar to that in which the Debtor is engaged, in such amounts, in such form, on such terms, and with such insurers as shall be satisfactory to Accord, including insurance for damage or destruction to the Equipment in a sum not less than the greater of the amount secured by this Agreement and the replacement cost of the Equipment. Accord may, if the Debtor's insurance is inadequate, require that insurance on the Equipment be improved, changed, or amended to comply with this Agreement.

Each insurance policy will designate Accord as a first loss payee and specify that the proceeds of insurance generated in the event of any damage to or loss of the Equipment (the "Proceeds") shall be allocable exclusively to the Equipment and payable solely to Accord, and segregated

from proceeds generated by any damage to or loss of other insured property and/or persons, and any refund of premium is hereby assigned to Accord. Each insurance policy shall also contain a clause requiring the insurer to give at least thirty (30) days written notice of any alteration to the terms of such policy, and its cancellation. All insurance policies and renewal certificates shall be provided to Accord upon request. The Debtor shall provide Accord with prompt notice of any damage to or loss of any part of the Equipment.

If the Debtor fails to maintain insurance, or otherwise fails to provide a certificate of insurance to Accord, the Debtor agrees that Accord shall be entitled, but not obliged, to obtain the required insurance, and the Debtor shall cooperate with Accord's insurer in connection with the placement of such insurance and the processing of any claims. Nothing herein shall be deemed to obligate or Accord to act as an insurer, or to secure, maintain in force, or renew any insurance, in any amounts, or upon any specific terms and conditions, and Accord reserves the right to terminate any such insurance coverage which Accord may arrange, or allow same to lapse, without liability to Debtor. Any amounts incurred by Accord shall be borne by the Debtor and form part of the Indebtedness and be payable as set out in Section 17 of this Agreement.

**6. Performance and Reimbursement:** The Debtor agrees that Accord shall be entitled, but not obliged, to perform any of obligations of the Debtor under this Agreement should the Debtor fail to do so.

Any and all payments, charges, costs, fees, expenses, damages, or liabilities suffered or incurred by Accord due to the non-performance by the Debtor of its obligations under this Agreement shall be borne by the Debtor and all such amounts paid by Accord shall be immediately due and payable by the Debtor and form part of the Indebtedness, and shall bear interest at the implicit rate per annum then applicable to amounts due under this Agreement, calculated and compounded monthly, until paid, and shall be secured by this Agreement.

**7. Representations & Warranties:** The Debtor represents and warrants to Accord (such representations and warranties shall survive termination of this Agreement), and acknowledges Accord's reliance thereon in entering into this Agreement, that:

(a) All information, data and reports (financial or otherwise) furnished by or on behalf of the Debtor to induce Accord to enter into this Agreement were true, accurate and complete in all material respects at the time that they were furnished to Accord, and contains no untrue statement of fact and does not omit to state a material fact, the omission of which would cause such information to be misleading;

(b) There are no facts directly relating to the Debtor, not disclosed herein or otherwise disclosed to Accord which, if known to Accord, might reasonably be expected to deter Accord from completing the transaction contemplated in this Agreement;

(c) The Debtor is a corporation duly incorporated and organized, and validly existing under the laws applicable to it;

(d) The Debtor has and will continue to have the power, capacity, legal right, and authority to execute, deliver and perform this Agreement, and to own its property and carry on its business;



(e) This Agreement and its execution, delivery and performance has been duly authorized by all necessary corporate action and does not and will not contravene or conflict with the Debtor's constating documents, by-laws, resolutions, or shareholders agreements, any agreement by which Debtor may be bound, or any provision of any applicable law, regulation, court order or ruling of any judicial or quasi-judicial body;

(f) There are no actions, suits or proceedings pending or, to the knowledge of the Debtor, threatened, at law or in equity or before any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any court or arbitrator of any kind, which involve a reasonable possibility of any material adverse change in the financial condition of the Debtor and, to the best knowledge of the Debtor, the Debtor is not in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court, arbitrator or federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign;

(g) The Debtor has good and marketable title to the Equipment, free from all encumbrances beyond those approved in writing by Accord;

(h) There has been no assignment, sale, transfer, conveyance, mortgage, charge, pledge or hypothecation, absolute or contingent, direct or indirect, of the whole or any part of the Debtor's rights, title, and interest in any of the Equipment;

(i) The Equipment Schedule forming part of this Agreement is complete and accurately describes the Equipment, and the Equipment:

- (i) was not acquired as consumer goods, and shall not be used as consumer goods;
- (ii) is in good operating condition and repair and in satisfactory condition for its intended uses;
- (iii) is located at the Equipment Location set forth above;

**8. Covenants:** The Debtor covenants and agrees with Accord that:

**(a) Positive Covenants:**

- (i) *Priority Debt:* The Debtor shall duly and punctually pay, or cause to be paid, all Priority Debt (as defined below) when due, and will forthwith provide Accord with notification of outstanding amounts owing by the Debtor in relation to any Priority Debt. "**Priority Debt**" means debt owing by the Debtor with respect to federal, provincial, or municipal taxation authorities, which includes but is not limited to, property taxes, GST/HST, source deductions, income tax, employee deductions, employer health tax, and workers compensation contributions, and further includes any statutory claims under the *Wage Earner Protection Program Act*, SC 2005, c. 47, s. 1, statutory liens, charges, encumbrances, or claims against the assets of the Borrower, including but not limited to, liens under the *Forest Act* [RSBC 1996] c. 157, Repairmen's Liens, Garage Keeper's Liens, Mechanic Liens, Woodsman's Liens, and Builders Liens, and all such jurisdictional equivalents;
- (ii) *Perform Obligations.* The Debtor shall fully observe and perform its obligations under this Agreement, including, without limitation, duly and punctually making all payments, and paying any and all amounts payable by the Debtor to Accord, when due;
- (iii) *Corporate Existence.* The Debtor shall maintain in good standing its corporate existence under the laws of its jurisdiction

of incorporation and qualify and remain duly qualified to do business and own property in each jurisdiction in which such qualification is necessary in view of its business and operations;

(iv) *Compliance with the Law.* The Debtor shall comply, in all respects, with all applicable laws, ordinances, rules, regulations and orders pertaining to the Debtor and applicable to the Equipment, and any of its property, assets, and undertakings;

(v) *Obtain/Maintain Licenses.* The Debtor shall obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of the Equipment, its property, assets and undertakings or to the conduct of its business(es), in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a material adverse effect;

(vi) *Location.* The Equipment is and shall remain located at the Equipment Location set forth above and the Debtor shall permit Accord, and all those designated by Accord (the "**Designates**") to visit and inspect the Equipment, and the Debtor shall ensure that Accord and the Designates have free and unrestricted access to the Equipment, and that Accord and the Designates will be provided with such information and data relating to the Equipment as Accord and the Designates may reasonably request;

(vii) *Changes.* The Debtor will promptly notify Accord in writing of:

- A. any transfer, authorized or unauthorized, of any interest in, or benefit from, the Equipment;
- B. any change, authorized or unauthorized, in the location of the Equipment; and
- C. any change in the location of the head office of the Debtor;

(viii) *Maintain Equipment.* The Debtor shall maintain and keep the Equipment in good operating condition and repair and in satisfactory condition for its intended uses, and be maintained and used accordance with good business practices and the specifications and recommendations of its manufacturers and suppliers (and shall enter into all maintenance or service agreements as may be necessary to do so) and in compliance with all applicable laws, and the Debtor shall pay all expenses, costs, taxes, fees, charges, and assessments arising in respect of the Equipment and its use, and the Equipment shall be conspicuously marked as required by Accord to reflect Accord's interest therein;

(ix) *Financial Information.* During the continuance of this Agreement, the Debtor shall provide Accord with interim and/or annual financial statements, or such other information respecting its financial condition or operations as Accord may request from time to time;

(x) *Canada Revenue Agency Payments.* The Debtor shall, upon request by Accord, provide Accord with written confirmation that all remittances to the Canada Revenue Agency by the Debtor are up to date with no amounts being in arrears;

(xi) *Notice of Litigation.* The Debtor shall promptly provide Accord with written notice of all litigation and all proceedings before any governmental or regulatory agencies or arbitration authorities affecting it, except those which, if adversely determined, would not have a material adverse effect on its financial condition or business(es);

**(a) Negative Covenants:**

- (i) **Further Encumbrances.** The Debtor will not place or secure any debt in addition to financing under this Agreement against any of the Equipment, nor will it create, assume or permit to exist any mortgage, charge, hypothec, pledge, lien or other encumbrance or security interest with respect to any of the Equipment, without the prior written consent of Accord;
- (ii) **Provide Loans/Guarantees.** The Debtor shall not make any advances or loans to, or any investment in, or provide any guarantees on behalf of, any corporation, entity, or person;
- (iii) **Transfer.** The Debtor shall not sell, lease, loan, assign, provide the benefit of, or dispose of the Equipment, or any part thereof, to any other person, or replace, alter, upgrade, or modify the Equipment, excepting that the Debtor may replace or upgrade parts of the Equipment in order to comply with its obligations under this Agreement provided that such parts are free and clear of all liens and encumbrances, and the fair market value of the Equipment is thereafter greater than its value prior to such replacement or upgrade. Any proceeds arising from a disposition of Equipment which does not comply with the foregoing sentence shall be held by the Debtor in trust for Accord and immediately due and payable by the Debtor to Accord;
- (iv) **Corporate Structure.** The Debtor shall not amalgamate, consolidate or merge with any other corporation, entity, or person;
- (v) **Capital Structure.** The Debtor shall not redeem any of its redeemable shares, pay dividends in excess of net income, or otherwise change its capital structure or make any form of capital withdrawal;
- (vi) **Partnership.** The Debtor shall not enter into a partnership, joint venture or similar relationship with any other corporation or entity;
- (vii) **Circumvent Security.** At no point in time will the Debtor operate in such a manner so as to divert income to a related or other corporation, entity, or person;
- (viii) **Transactions.** The Debtor shall not pay non market rates for products and/or services to a related corporation, entity, or person;
- (ix) **Change of Name.** The Debtor shall not change its name unless thirty (30) days' prior written notice thereof has been given to Accord;
- (x) **Change of Fiscal Year End.** The Debtor shall not change its fiscal year end;
- (xi) **Fixture.** The Debtor shall not allow the Equipment, or any part thereof, to become a fixture, accession, or leasehold improvement.

**9. Prepayments:** If the Debtor is not in Default, it may on any scheduled installment payment date, discharge the Indebtedness hereunder, provided that:

- (a) The Debtor has irrevocably given Accord at least thirty (30) days written notice of its intent to prepay; and
- (b) The Debtor pays Accord the whole of the Indebtedness then outstanding plus any accrued and unpaid interest thereon at the date of such payment and any of Accord's unamortized expenses, fees, and costs incurred to underwrite this Agreement, plus:
  - (i) if the Prepay Notice is received by Accord any time up to and including the first twelve (12) months of the Agreement, a sum of money equal to twelve (12) months interest at the rate implicit hereunder; or

- (ii) if the Prepay Notice is received by Accord after the first twelve (12) months of the Agreement, a sum of money equal to six (6) months interest at the rate implicit hereunder;
- (iii) if the Prepay Notice is received by Accord at any time after the time periods stipulated in Sections 9 (b)(i) - (ii) above, a sum of money equal to three (3) months interest at the rate implicit hereunder.

**10. Assignment:** This Agreement shall not be assignable by the Debtor. Accord may, without the consent of or notice to the Debtor, assign the benefit of this Agreement to any assignee, and if so assigned, the assignee takes the place of Accord in this Agreement.

**11. Tracking Device:** Accord reserves the right to install any tracking or engine control device and to use same for its benefit to locate, secure, or seize the Equipment. Accord's right to do so is cumulative with all other remedies set out herein and available at law. Accord will not be responsible for any damage or loss of business suffered by the Debtor as a result of such use by Accord of any tracking or engine control device.

**12. Security Deposit:** Accord may apply the Security Deposit as it wishes, at any time, to any amounts due under this Agreement if not paid by the Debtor. The Debtor will not earn any interest on the Security Deposit. Upon termination of this Agreement, the Security Deposit, net of any arrears of payments or other amounts due under this Agreement, will be refunded to the Debtor.

**13. Default:** Each of the following constitutes an event of default under this Agreement (a "Default") without the giving of any notice or the lapse of any time:

- (a) Failure of the Debtor to pay when due any amount payable under this Agreement;
- (b) Failure of the Debtor to comply with any covenants or conditions under this Agreement, or to perform any obligations under this Agreement;
- (c) Failure of the Debtor to duly and punctually pay, or cause to be paid, all Priority Debt when due;
- (d) Any warranty, information, or representation made herein or furnished by or on behalf of the Debtor in connection with this Agreement proves to have been materially incorrect when made or furnished to Accord;
- (e) Any of the following occurs in respect of or is instituted or claimed by or against the Debtor:
  - (i) an event of bankruptcy;
  - (ii) an inability to pay debts;
  - (iii) proceedings in or in respect of bankruptcy, insolvency, receivership, winding-up, liquidation, amalgamation or dissolution; or
  - (iv) an arrangement or compromise with or assignment for the benefit of creditors;
- (f) The Debtor permits any execution, attachment, distress, or writ to be levied against the Equipment;
- (g) The Equipment is damaged or destroyed, unless Accord in its sole determination elects to apply the proceeds of insurance to the replacement of such Equipment;

(h) If the Debtor is an individual and he/she dies or becomes incompetent, or, if the Debtor is other than an individual and it sells any of its assets out of the ordinary course of business (regardless of whether the Equipment is part of such sale), or a direct or indirect change in control of the Debtor occurs (including a change in the Debtor's ultimate beneficial ownership);

(i) The Debtor ceases or threatens to cease its business;

(j) The Debtor pays dividends or other distributions which, in the sole determination of Accord, impair the financial health of the Debtor;

(k) The Debtor removes or permits removal of the Equipment from the Equipment Location, or sells, leases, disposes, or proposes to dispose of the Equipment or any interest therein;

(l) Any lien or encumbrance of any kind whatsoever attaches to the Equipment with priority to or on a *pari passu* basis with this Agreement, or any lien or encumbrance becomes enforceable against the Equipment or any of the Debtor's other assets, regardless of its priority thereto, or any debt of the Debtor becomes accelerated;

(m) Accord has commercially reasonable grounds to believe that the prospect of payment or performance under this Agreement is or is about to be impaired, or that the Equipment is or is about to be placed in jeopardy;

(n) An event of default occurs under any other contract, lease, or agreement as between the Debtor (or any of them, if there is more than one Debtor) and Accord (or any of Accord's related companies, subsidiaries, and affiliates); or

(o) Any guarantor of the Debtor's obligations under this Agreement disputes its obligations under its guarantee, or seeks to terminate its guarantee of the Debtor's future obligations or becomes subject to any of the events set out in Sections 13 (b) - (d), (g), (j) - (k) above.

**14. Cross-Collateral Default:** A Default under this Agreement shall be deemed to trigger a material event of default under any other contract, lease, or agreement as between the Debtor (or any of them, if there is more than one Debtor) and Accord (or any of Accord's related companies, subsidiaries, and affiliates), whether Accord is the original lender/lessor or an assignee), or between the Debtor and any of Accord's related companies and subsidiaries. Accord may elect, in its sole and absolute discretion, to forbear enforcement on any other agreement between the Debtor and Accord, but in so doing, Accord shall not be deemed to waive its rights under this Section 14.

**15. Remedies:** Upon a Default having occurred and at any time thereafter, Accord shall have the following rights and remedies, each of which are cumulative and are in addition to and not in substitution for or a limitation of any rights or remedies provided by law, all of which may be exercised alone or in conjunction with any other of Accord's rights and remedies herein or otherwise at law (provided only that such rights are not inconsistent), and Accord shall not be required to enforce or exhaust any particular remedy, as against any particular Debtor, but may choose to enforce against any one Debtor or all of them:

(a) Accord may, by notice to the Debtor, declare all of the Indebtedness to be immediately due and payable, and Accord may set-off against any amounts owing by it to the Debtor;

(b) Accord may pay off any lien or encumbrance against the Equipment and any amounts incurred by Accord, with costs, shall be borne by the Debtor and form part of the Indebtedness and shall bear interest as set out in Section 17 until paid;

(c) Accord may seize or disable the Equipment wheresoever it is situated, or may sue the Debtor for all the Indebtedness owing under this Agreement, or do both, and any judgment and/or seizure or disposition of the Equipment shall not create any merger of Accord's rights herein;

(d) In the event that Accord has seized or disabled the Equipment, Accord or its agent may:

- (i) without notice to the Debtor repair, or sell, consign, lease, or otherwise dispose of the Equipment by private contract or by private or public auction, and shall have all rights of access to the Equipment necessary in Accord's opinion to effect such disposition and the Debtor authorizes its landlord to provide Accord with such access, and Accord may in its discretion establish such terms of disposition as it deems desirable, including credit, reserve bids, payment terms and price; or
- (ii) elect to retain the Equipment in satisfaction of all or part of the Indebtedness. In the event Accord elects to retain the Equipment in respect of less than all of the Indebtedness, Accord shall advise the Debtor of the part of the Indebtedness the Equipment is retained in respect of, and Accord shall act reasonably in ensuring that the net realizable value of such Equipment equates to the value of such Indebtedness, which may in Accord's sole discretion include relying on the judgment of appraisers, and Accord may thereafter continue to enforce all rights and remedies available to it to recover payment in respect of any part of the Indebtedness which remains unsatisfied;

(e) All costs of repairs and all other costs incurred in connection with the seizure, disabling, holding, and disposition of the Equipment, including fees of its agents and professional advisers (including all legal fees), all allowable and reasonable costs in effecting the collection, whenever and howsoever incurred, and a sum of money equal to three (3) months interest at the rate implicit per annum, and any amounts incurred by Accord shall be borne by the Debtor and form part of the Indebtedness and shall bear interest as set out in Section 17 until paid;

(f) In the event the Equipment is sold, all proceeds of sale shall be applied by Accord in reduction of the Indebtedness in the order Accord, in its sole discretion, determines is appropriate and the Debtor shall continue to be liable for any deficiency;

(g) Accord shall have no liability due to any failure to seize, realize, dispose of, or otherwise deal with the Equipment or any other collateral, or failure to enforce any of its other rights against the Debtor or any other person or for any negligence on its part or the part of its agents, nor shall Accord be bound to institute proceedings against any person for such purposes or for the purpose of preserving its rights in respect of the Equipment;

(h) If Accord or its agents take possession of the Equipment they shall have no liability as a creditor in possession and shall not be accountable for anything other than actual receipts.

(i) The Debtor's liability for the Indebtedness is not subject to the equities between it and Accord and no right of set-off by the Debtor shall apply. Upon the occurrence of a Default, the Debtor hereby irrevocably waives time for the payment of the Indebtedness;



(j) Accord may, in lieu of or in addition to exercising any of its rights and remedies under this section, appoint or retain any person as its agent to exercise such rights and remedies.

**16. Pre-Authorized Payments:** The Debtor authorizes Accord or its assigns to draw regular payments for business purposes (the "PAP" or "PAP's") from its designated bank account (whether it continues to be maintained at the current location or at another branch of the bank, or at another bank) (the "Designated Account") to cover all of the required payments, fees, and interest, under this Agreement. Each PAP will be drawn from the Designated Account in the amounts and due dates determined under this Agreement.

**The Debtor specifically waives any pre-notification requirements that apply to any PAP and agrees that written notice will not be provided (1) before the due date of any PAP, (2) of any change to the amount of any PAP, and (3) of any change to the due dates.** Accord will obtain the specific prior authorization of the Debtor for one-time or other sporadic PAP's, the amounts or due dates of which are not identified in this Agreement.

The Debtor warrants that all persons whose signatures are required to sign on the Designated Account have signed this Agreement. The Debtor will immediately notify Accord in writing of any change to the Designated Account, and in any event, no later than ten (10) days post change. Accord is not responsible to notify the Debtor if any PAP is reversed due to non-sufficient funds, funds not cleared, or changes to the Designated Account. In such an event, Accord may re-present the PAP within 30 days of the original due date. The Debtor is responsible for any charges that arise from such a situation and is required to ensure that the necessary payment is made to Accord through an alternative method. The Debtor must contact Accord to arrange for coverage of any missed payment(s).

The Debtor may change or cancel this PAP authorization at any time on thirty (30) days written notice to Accord: Accord Small Business Finance Corp., 305 – 889 Harbourside Drive, North Vancouver, BC, V7P 3S1, (phone: (604) 982-3031; fax: (888) 835-9757; email: customerservice@accordfinancial.net). However, the Debtor hereby acknowledges that PAP's are a CONDITION OF THIS AGREEMENT. Cancelling this PAP authorization without immediately replacing it, will be considered an Event of Default under this Agreement. In the event Accord waives the requirement for PAP's, then the Debtor will pay a service charge for other payment methods. The Debtor acknowledges that the right to cancel this PAP authorization only applies to the method of payment and has no bearing otherwise on the obligations under this Agreement.

**Accord may assign this authorization to any third party to whom it assigns its interest in this Agreement. The Debtor will be notified of the identity and contact information of any such assignee.** The Debtor has certain recourse rights if any PAP does not comply with this Agreement. For example, the Debtor has the right to receive reimbursement for any PAP that is not authorized or is not consistent with this Agreement. To obtain more information on the recourse rights of the Debtor, or the rights of the Debtor to cancel a PAP authorization, or to obtain a sample cancellation form, the Debtor should contact its financial institution or visit [www.cdnpay.ca](http://www.cdnpay.ca).

**17. Overdue Payments:** When a payment or any other amount owing by the Debtor under this Agreement is not paid when due, the Debtor agrees to pay Accord a late fee of \$10.00 for each month or partial month during which such amount is unpaid, plus interest at the rate of 28.8% per annum, calculated and compounded monthly, payable on demand. The Debtor further agrees to pay to Accord a Returned Cheque Charge of \$50.00 plus

GST payable on demand for each dishonoured cheque. All such amounts payable to Accord under this Section 17 shall form part of the Indebtedness.

**18. Charge on Land:** The Debtor hereby charges any lands which it owns or may in the future own during any time when any amount remains outstanding under this Agreement and it authorizes the registration of any and all caveat(s), lien(s), or other encumbrances against any such property. Accord reserves the right to file such registration(s) at any time during this Agreement

**19. Law:** This Agreement is governed by the laws in which the use of the Equipment was originally intended as indicated by the Equipment Location and the parties attorn to the jurisdiction of the courts of such province. Terms not otherwise defined in this Agreement have the meaning ascribed them under the PPSA unless the context is inconsistent with this Agreement. To the maximum extent permitted by law, the Debtor waives its rights and all benefits under any existing or future statute which limits the rights and/or remedies of a secured party and, in particular, agrees that Part 6 of the *Law of Property Act* (Alberta), the *Seizures Act* (Alberta) and the *Limitation of Civil Rights Act* (Saskatchewan), or any amendments or regulations thereof, shall not apply to this Agreement.

**20. Criminal Code:** Notwithstanding any provision in this Agreement to the contrary, in no event will the aggregate "interest" (as defined in section 347 of the *Criminal Code* (Canada)) payable by the Debtor under this Agreement exceed the maximum effective annual rate of interest on the "credit advanced" (as defined in that section 347) permitted under that section and, if any payment, collection or demand pursuant to such loan agreement in respect of "interest" (as defined in that section 347) is determined to be contrary to the provisions of such section 347, such payment, collection or demand will be deemed to have been made by mutual mistake and the amount of such payment or collection will be refunded to the Debtor only to the extent of the amount which is greater than the maximum effective annual rate permitted by such laws. For purposes of determining compliance with such section 347, the effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term of this Agreement and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Accord will be prima facie evidence for the purposes of such determination.

## **21. General:**

**(a) Language.** The parties hereto agree that this Agreement and all documents related thereto be written in the English language (*Les parties en présences conviennent à ce que ce document soit rédigé en anglais*);

**(b) Notices.** Any notices required under this Agreement shall be sufficient if given in writing and delivered in person or by courier to the addresses noted above, by mail, or by email, or such further address as updated by either party from time to time upon notice to the other. Any such notice shall be deemed to have been duly given upon delivery if delivered in person, or by courier, or if given by email, only upon receipt of email confirmation from the recipient that the email has been received, or if by mail, on the fifth day after posting;

**(c) Interpretation.** Whenever the context of this Agreement so requires, the singular number shall include the plural and vice versa, and words importing gender shall include all genders. Headings are inserted for convenience of reference only and shall not affect interpretation;

(d) Waiver/Default. Waiver by Accord of any default by the Debtor, or the failure by Accord to exercise any option or right shall not constitute a continuing waiver or relinquishment of such or any default, option, or right, and Accord shall have the right to insist upon strict performance by the Debtor of any and all of the terms and provisions of this Agreement;

(e) Waiver/Remedies. Any single or partial exercise by Accord of any right or remedy for a default or breach of any term, covenant, condition or agreement herein contained shall not be deemed to be a waiver of or to alter, affect, or prejudice any other right or remedy or other rights or remedies to which Accord may be lawfully entitled for the same default or breach;

(f) Severability. The Debtor acknowledges that the provisions of this Agreement are commercially reasonable. Should any provision of this Agreement be or become illegal, invalid or not enforceable, it will be considered separate and severable from this Agreement and the remaining provisions will remain in force and be binding upon the parties hereto and be enforceable to the fullest extent of the law;

(g) Enurement. This Agreement shall enure to the benefit of Accord and its successors and assigns and shall bind Debtor and its successors;

(h) Entire Agreement. This Agreement shall constitute the entire agreement between the parties on its subject matter and the phrase "this Agreement" means this Agreement, as amended in writing from time to time, and all schedules hereto, such schedules being incorporated into and forming part of this Agreement;

(i) Further Assurances. The Debtor will immediately at the request of Accord, execute and deliver to Accord any further assurances, documents, and instruments, obtain any consents, and do any other things as Accord may reasonably require to accomplish the purposes of this Agreement, or to make any filing or registration to perfect or protect Accord's interest in the Equipment;

(j) Survival. Subject to the terms and conditions of this Agreement, all obligations of the Debtor, and the rights and remedies of Accord, including all indemnities of Accord by the Lessee, shall survive the termination of this Agreement and the receipt of all amounts due and owing by the Debtor to Accord;

(k) Time of the Essence. Time shall be of the essence of this Agreement and shall continue to be of the essence;

(l) Electronic Communication. The parties may exchange information or communicate regarding the Agreement using email or other formats of electronic communication. The parties agree and acknowledge that there are risks associated when using email and other electronic communication, and specifically that information may be accessed by third parties as a result. The parties hold each other harmless in the event that information in emails or other electronic communication is inadvertently disclosed to or otherwise assessed by third parties. The parties authorize and permit each other to communicate regarding any matters related to the Agreement using email at any email addresses provided to each other, notwithstanding that such email addresses may be used by third parties during the Agreement. Any information exchanged by email or other electronic communication will not vary, modify, amend, or change the terms or conditions of the Agreement, or any other agreements between the parties.

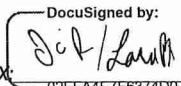
(m) Counterparts. This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement.

(n) Acknowledgment. The Debtor acknowledges that this Agreement is a valid and legally binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms (subject only to applicable laws affecting creditors generally and to general principles of equity), and further acknowledges receipt of a copy of this Agreement.

(o) Electronic Signatures. If electronic signatures are used with respect to this Agreement, any addendums, security documents, or any certificates, reports, statements, information, data, documents or instruments delivered pursuant to or in connection with the Indebtedness, the Debtor acknowledges and agrees that the application of the Debtor's electronic signature is the legal equivalent of the Debtor's manual signature and shall be deemed to be equivalent to an original signature for all purposes and that the Debtor is legally bound by the terms and conditions of this Agreement. In signing this Agreement and by initialing this provision, the Debtor consents to the use of electronic signatures.

| INITIALS   |            |
|------------|------------|
| Debtor [1] | Debtor [2] |
| Debtor [4] | Debtor [4] |

The undersigned Debtor(s) have read, understand, and accept this Agreement, including the attached Terms and Conditions, Schedules, and Letter of Direction, and hereby affirm that they are authorized to execute this Agreement.

DocuSigned by:  
  
 02FEA4E7F5374D0  
 Copperline Excavating Ltd

X: \_\_\_\_\_

X: \_\_\_\_\_

X: \_\_\_\_\_





305-889 Harbourside Dr., North Vancouver, BC V7P 3S1  
 Telephone: (604) 982-3010 Toll Free Fax: 1-888-835-9757  
 CustomerService@AccordFinancial.net

## LETTER OF DIRECTION

**DATE:** April 4, 2019

**TO:** Accord Small Business Finance Corp. ("Accord")

**RE:** Loan and Security Agreement No. 106690 (the "Agreement") between Accord and **Copperline Excavating Ltd** (the "Debtor")

We authorize and instruct Accord to disburse the total proceeds of **\$10,800.00** from the above-mentioned Agreement as follows:

Total Loan Proceeds:

| <u>Amount</u>           | <u>Payees</u>      |
|-------------------------|--------------------|
| <b>\$10,800.00</b>      |                    |
| <b>\$0.00</b>           |                    |
| <b>\$0.00</b>           |                    |
| <b>\$0.00</b>           |                    |
|                         |                    |
| <b>Total Proceeds</b>   | <b>\$10,800.00</b> |
| <b>Capitalized Fees</b> | <b>\$426.00</b>    |
| <b>Principal Sum</b>    | <b>\$11,226.00</b> |

Disbursement by Accord in accordance with the foregoing instructions shall be and constitute payment and delivery to and receipt by Debtor of any and all such proceeds.

**THE UNDERSIGNED AFFIRMS THAT HE/SHE IS DULY AUTHORIZED TO EXECUTE THIS AGREEMENT**

|                                              |                                                |
|----------------------------------------------|------------------------------------------------|
| Debtor (1): <b>Copperline Excavating Ltd</b> | Signature for Debtor (1)<br><i>[Signature]</i> |
| Debtor (2):                                  | Signature for Debtor (2)                       |
| Debtor (3):                                  | Signature for Debtor (3)                       |
| Debtor (4):                                  | Signature for Debtor (4)                       |

**Agreement No: 106690**

## Certificate Of Completion

Envelope Id: 0A2E9A8347B74763B5689E83D57802B7  
 Subject: Please DocuSign: 106679 - LSA Agreement.pdf  
 Source Envelope:  
 Document Pages: 8  
 Certificate Pages: 5  
 AutoNav: Enabled  
 Envelope Stamping: Enabled  
 Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Status: Completed  
 Envelope Originator:  
 Alicia  
 305-889 HARBOURSIDE DR  
 NORTH VANCOUVER, BC V7P 3S1  
 ajackson@accordfinancial.net  
 IP Address: 216.210.104.226

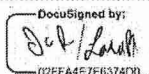
## Record Tracking

Status: Original  
 April 4, 2019 | 13:33  
 Holder: Alicia  
 ajackson@accordfinancial.net  
 Location: DocuSign

## Signer Events

Jamie Black  
 jamie.black@copperlineexcavating.ca  
 Security Level: Email, Account Authentication  
 (Optional)

## Signature

DocuSigned by:  
  
 02FFA4E7F6374D0...

Signature Adoption: Drawn on Device  
 Using IP Address: 207.228.78.247  
 Signed using mobile

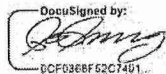
## Timestamp

Sent: April 4, 2019 | 13:34  
 Viewed: April 4, 2019 | 13:42  
 Signed: April 4, 2019 | 13:42

## Electronic Record and Signature Disclosure:

Accepted: April 4, 2019 | 13:42  
 ID: 9c124453-35a5-4be9-8236-500146618bf8  
 Company Name: Accord Small Business Finance Corp.

James Jang  
 jjang@accordfinancial.net  
 President  
 Accord Small Business Finance Corp.  
 Security Level: Email, Account Authentication  
 (Optional)

DocuSigned by:  
  
 0CF0368F52C7401...

Signature Adoption: Drawn on Device  
 Using IP Address: 216.210.104.226

Sent: April 4, 2019 | 13:42  
 Viewed: April 5, 2019 | 12:48  
 Signed: April 5, 2019 | 12:48

## Electronic Record and Signature Disclosure:

Accepted: April 5, 2019 | 11:24  
 ID: 39cddc86-8b17-4a1e-bbd8-5cdf04aaab5a  
 Company Name: Accord Small Business Finance Corp.

## In Person Signer Events

## Signature

## Timestamp

## Editor Delivery Events

## Status

## Timestamp

## Agent Delivery Events

## Status

## Timestamp

## Intermediary Delivery Events

## Status

## Timestamp

## Certified Delivery Events

## Status

## Timestamp

## Carbon Copy Events

## Status

## Timestamp

ASBF Funding Department  
 Funding@AccordFinancial.net  
 Security Level: Email, Account Authentication  
 (Optional)

**COPIED**

Sent: April 5, 2019 | 12:48

Electronic Record and Signature Disclosure:  
 Not Offered via DocuSign

| Notary Events                              | Signature        | Timestamp             |
|--------------------------------------------|------------------|-----------------------|
| Envelope Summary Events                    | Status           | Timestamps            |
| Envelope Sent                              | Hashed/Encrypted | April 5, 2019   12:48 |
| Certified Delivered                        | Security Checked | April 5, 2019   12:48 |
| Signing Complete                           | Security Checked | April 5, 2019   12:48 |
| Completed                                  | Security Checked | April 5, 2019   12:48 |
| Payment Events                             | Status           | Timestamps            |
| Electronic Record and Signature Disclosure |                  |                       |

## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

From time to time, Accord Small Business Finance Corp. (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

### **Getting paper copies**

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$1.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

### **Withdrawing your consent**

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

### **Consequences of changing your mind**

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

### **All notices and disclosures will be sent to you electronically**



Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

**How to contact Accord Small Business Finance Corp.:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by phone call: (604) 982-3010

To contact us by email send messages to: [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net)

To contact us by paper mail, please send correspondence to:

Accord Small Business Finance Corp / Accord Small Business Leasing Corp.

305-889 HARBOURSIDE DR

NORTH VANCOUVER, British Columbia, V7P 3S1

**To advise Accord Small Business Finance Corp. of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

**To request paper copies from Accord Small Business Finance Corp.**

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to [CustomerService@accordfinancial.net](mailto:CustomerService@accordfinancial.net) and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

### **To withdraw your consent with Accord Small Business Finance Corp.**

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

### **Required hardware and software**

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

### **Acknowledging your access and consent to receive and sign documents electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Accord Small Business Finance Corp. as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Accord Small Business Finance Corp. during the course of your relationship with Accord Small Business Finance Corp..





305-889 Harbourside Drive, North Vancouver, BC V7P 3S1  
Telephone: (604) 982-3010 | Toll Free Fax: 1-888-835-9757  
CustomerService@AccordFinancial.net

**THIS LOAN AND SECURITY AGREEMENT**, its Terms and Conditions, and any schedules, attachments, or amendments hereto (collectively, this "**Agreement**") made this 4 day of April, 2019 between **Accord Small Business Finance Corp. ("Accord")** AND **Copperline Excavating Ltd** (individually and collectively, the "**Debtor**") of BOX 3006, 375 SASKATCHEWAN AVE, SPRUCE GROVE, ALBERTA T7X 3A1 with telephone 780-968-3805, and email address

**IN CONSIDERATION** of the sum of Thirteen Thousand Nine Hundred Eighty And 00/100 Dollars (\$13,980.00) of lawful money of Canada paid by Accord to the Debtor and other value received, the receipt of which is hereby acknowledged, the Debtor agrees to repay all amounts of principal and interest, and all other amounts owing by the Debtor to Accord in accordance with the terms and conditions of this Agreement (collectively, the "**Indebtedness**"), and as general and continuing security for the payment of the Indebtedness, and the performance of all obligations of the Debtor to Accord under this Agreement, the Debtor hereby assigns and grants to and in favour of Accord, its successors and assigns, as a fixed and specific charge, lien and encumbrance on, and security interest in the equipment described in the attached Equipment Schedule, together with all additions, upgrades, components, replacements, accessions and equipment now or hereafter attached to or forming part of, and including all proceeds therefrom (including any proceeds of insurance) and substitutions therefore, and all rights, licenses (including software licences), information, records, service or maintenance agreements, guarantees and warranties in respect of or related to such equipment (collectively, the "**Equipment**"), such security interest being a purchase-money security interest to the extent it satisfies the criteria set out in the *Personal Property Security Act ("PPSA")*, to have and to hold the Equipment unto Accord forever, provided only that if the Debtor discharges the Indebtedness in full, Accord shall release its interest in the Equipment.

**Equipment Schedule**  
2017 Falcan TD210 T/A Reel Trailer - VIN: 2F9TR1E24H6056547

**Equipment Location:** same as above

FOR VALUE RECEIVED, each individual Debtor jointly and severally and unconditionally promises to pay, to or to the order of Accord, at Accord's office at Suite 305 – 889 Harbourside Drive, North Vancouver, BC, V7P 3S1, the principal amount of Thirteen Thousand Nine Hundred Eighty And 00/100 Dollars (\$13,980.00) (the "**Principal**") together with interest calculated and compounded monthly at the rate of 14.25% per annum, in 42 blended instalments in the amounts and on such dates as set out on the face of this Agreement or any attached payment schedule, and where a period of time is shown on such schedule, then on the same day in each month during the period until payment has been made of all outstanding Principal and accrued interest hereunder, after as well as before maturity and both before and after default and/or judgment, with interest on any overdue payments at the rate of 28.8% per annum, calculated and compounded monthly (See Section 17). Such instalments will be applied first to accrued and unpaid interest and then to unpaid Principal.

All the Indebtedness, including all accrued and unpaid interest, shall become accelerated and immediately due and payable upon:

- (i) any failure of the Debtor to pay the Principal or interest when due in accordance with the terms of this Agreement, or
- (ii) on the occurrence of any "**Default**" (as defined below), all without presentment, demand, protest, notice of dishonour, or any other demand or notice whatsoever, all of which are expressly waived by the Debtor.

**PRE-AUTHORIZED PAYMENT PLAN** (see Section 16): Debtor hereby authorizes Accord to periodically draw from the Bank Account (the "**Account**") noted on the attached void cheque the periodic payment amount and other amounts due hereunder.

(1) Authorized Cheque Signatory / Name / Title: DocuSigned by: [Signature]  
02FFA4E7F6374D0...

(2) Authorized Cheque Signatory / Name / Title: \_\_\_\_\_

#### LOAN STATEMENT

|                    |                    |
|--------------------|--------------------|
| <b>\$13,500.00</b> | Amount Advanced    |
| <b>\$480.00</b>    | + Capitalized Fees |
| <b>\$13,980.00</b> | = Principal Sum    |
| <b>\$0.00</b>      | Reg. & Doc. Fees   |

#### MONTHLY PAYMENT SCHEDULE

| # | Payment  | Commencing  |
|---|----------|-------------|
| 8 | \$504.40 | May 7, 2019 |
| 3 | \$131.14 | Jan 7, 2020 |
| 9 | \$504.40 | Apr 7, 2020 |
| 3 | \$131.14 | Jan 7, 2021 |
| 9 | \$504.40 | Apr 7, 2021 |
| 3 | \$131.14 | Jan 7, 2022 |
| 7 | \$504.40 | Apr 7, 2022 |

**\$ 504.40** Security Deposit

This Agreement is only effective upon execution by an authorized officer of Accord Small Business Finance Corp. following the Debtor's execution hereof.

**Accord Small Business Finance Corp.**

The undersigned Debtor(s) have read, understand, and accept this Agreement, including the attached Terms and Conditions, Schedules, and Letter of Direction, and hereby affirm that they are authorized to execute this Agreement.

**Copperline Excavating Ltd**

Authorized Signature:

[Signature]  
0CF0368F52C7401...

**Agreement No: 106691**

Date:

April 5, 2019 | 12:51:32 PDT

Debtor (1): **Copperline Excavating Ltd**

Signature for Debtor (1)

[Signature]  
02FFA4E7F6374D0...

Signature for Debtor (2)

Debtor (2):

Debtor (3):

Signature for Debtor (3)

Debtor (4):

Signature for Debtor (4)

**Terms and Conditions**

|                      |               |
|----------------------|---------------|
| <b>Agreement No:</b> | <b>106691</b> |
|----------------------|---------------|

**1. Attachment:** The Debtor acknowledges that value has been given and that Accord's security interest in the Equipment attaches upon the execution of this Agreement, or if the Debtor has no interest in the Equipment, or in any part of the Equipment, upon execution than at the same time the Debtor acquires an interest in the Equipment.

**2. Credit Investigation & Consent to Information Sharing:** The Debtor hereby authorizes Accord, its agents, affiliates, subsidiaries, and third-party service providers, at any time whether it be before, during, or after the completion of this Agreement, to conduct financial and credit investigations of the Debtor, its individual principals, shareholders, guarantors, and/or persons otherwise connected with this Agreement, and to collect, use, share, and disclose personal and business information about such parties for the purposes of approval, maintenance, statistical analysis, and enforcement (the "Information"), from any source to which Accord may apply and each source is hereby authorized to provide the Information to the Accord. Sources of the Information may include, but are not limited to, credit reporting agencies, credit bureaus, creditors, credit grantors, or any banking or other financial institution. Accord may further collect, use, and disclose the Debtor's Social Insurance Number or other personal identifier to verify and report credit information to credit bureaus or credit reporting agencies as well as to confirm identities. The Debtor understands and consents to the Information being held on file by Accord as per Accord's official Privacy Policy, which is available upon request.

**3. Indemnification:** The Debtor hereby agrees to indemnify and save Accord and its affiliates, subsidiaries, officers, directors, agents, and servants, harmless from and against any and all actions, claims, liens, costs, damages, disbursements, expenses (including legal expenses), liabilities, taxes, charges, fees, or any losses whatsoever suffered or incurred by Accord, due to the Debtor's ownership, use, or possession of the Equipment, any breach by the Debtor of any provision under this Agreement, or any exercise by Accord of enforcing its rights or remedies under this Agreement.

**4. Joint And Several Liability:** EACH DEBTOR (if there is more than one Debtor) acknowledges and agrees that liability for all obligations under this agreement is joint and several (and in the Province of Quebec, solidarily).

**5. Insurance:** The Debtor shall obtain and maintain for the term of this Agreement, at its own expense, insurance for all risks of physical loss or damage to the Equipment and to persons associated with the Equipment, including without limitation, theft, collision, personal injury or death, liability and damage to the property of others, and such other risks of loss as are customarily covered by insurance on like equipment and maintained by prudent operators of businesses similar to that in which the Debtor is engaged, in such amounts, in such form, on such terms, and with such insurers as shall be satisfactory to Accord, including insurance for damage or destruction to the Equipment in a sum not less than the greater of the amount secured by this Agreement and the replacement cost of the Equipment. Accord may, if the Debtor's insurance is inadequate, require that insurance on the Equipment be improved, changed, or amended to comply with this Agreement.

Each insurance policy will designate Accord as a first loss payee and specify that the proceeds of insurance generated in the event of any damage to or loss of the Equipment (the "Proceeds") shall be allocable exclusively to the Equipment and payable solely to Accord, and segregated

from proceeds generated by any damage to or loss of other insured property and/or persons, and any refund of premium is hereby assigned to Accord. Each insurance policy shall also contain a clause requiring the insurer to give at least thirty (30) days written notice of any alteration to the terms of such policy, and its cancellation. All insurance policies and renewal certificates shall be provided to Accord upon request. The Debtor shall provide Accord with prompt notice of any damage to or loss of any part of the Equipment.

If the Debtor fails to maintain insurance, or otherwise fails to provide a certificate of insurance to Accord, the Debtor agrees that Accord shall be entitled, but not obliged, to obtain the required insurance, and the Debtor shall cooperate with Accord's insurer in connection with the placement of such insurance and the processing of any claims. Nothing herein shall be deemed to obligate or Accord to act as an insurer, or to secure, maintain in force, or renew any insurance, in any amounts, or upon any specific terms and conditions, and Accord reserves the right to terminate any such insurance coverage which Accord may arrange, or allow same to lapse, without liability to Debtor. Any amounts incurred by Accord shall be borne by the Debtor and form part of the Indebtedness and be payable as set out in Section 17 of this Agreement.

**6. Performance and Reimbursement:** The Debtor agrees that Accord shall be entitled, but not obliged, to perform any of obligations of the Debtor under this Agreement should the Debtor fail to do so.

Any and all payments, charges, costs, fees, expenses, damages, or liabilities suffered or incurred by Accord due to the non-performance by the Debtor of its obligations under this Agreement shall be borne by the Debtor and all such amounts paid by Accord shall be immediately due and payable by the Debtor and form part of the Indebtedness, and shall bear interest at the implicit rate per annum then applicable to amounts due under this Agreement, calculated and compounded monthly, until paid, and shall be secured by this Agreement.

**7. Representations & Warranties:** The Debtor represents and warrants to Accord (such representations and warranties shall survive termination of this Agreement), and acknowledges Accord's reliance thereon in entering into this Agreement, that:

(a) All information, data and reports (financial or otherwise) furnished by or on behalf of the Debtor to induce Accord to enter into this Agreement were true, accurate and complete in all material respects at the time that they were furnished to Accord, and contains no untrue statement of fact and does not omit to state a material fact, the omission of which would cause such information to be misleading;

(b) There are no facts directly relating to the Debtor, not disclosed herein or otherwise disclosed to Accord which, if known to Accord, might reasonably be expected to deter Accord from completing the transaction contemplated in this Agreement;

(c) The Debtor is a corporation duly incorporated and organized, and validly existing under the laws applicable to it;

(d) The Debtor has and will continue to have the power, capacity, legal right, and authority to execute, deliver and perform this Agreement, and to own its property and carry on its business;



(e) This Agreement and its execution, delivery and performance has been duly authorized by all necessary corporate action and does not and will not contravene or conflict with the Debtor's constating documents, by-laws, resolutions, or shareholders agreements, any agreement by which Debtor may be bound, or any provision of any applicable law, regulation, court order or ruling of any judicial or quasi-judicial body;

(f) There are no actions, suits or proceedings pending or, to the knowledge of the Debtor, threatened, at law or in equity or before any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any court or arbitrator of any kind, which involve a reasonable possibility of any material adverse change in the financial condition of the Debtor and, to the best knowledge of the Debtor, the Debtor is not in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court, arbitrator or federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign;

(g) The Debtor has good and marketable title to the Equipment, free from all encumbrances beyond those approved in writing by Accord;

(h) There has been no assignment, sale, transfer, conveyance, mortgage, charge, pledge or hypothecation, absolute or contingent, direct or indirect, of the whole or any part of the Debtor's rights, title, and interest in any of the Equipment;

(i) The Equipment Schedule forming part of this Agreement is complete and accurately describes the Equipment, and the Equipment:

- (i) was not acquired as consumer goods, and shall not be used as consumer goods;
- (ii) is in good operating condition and repair and in satisfactory condition for its intended uses;
- (iii) is located at the Equipment Location set forth above;

**8. Covenants:** The Debtor covenants and agrees with Accord that:

(a) Positive Covenants:

- (i) *Priority Debt:* The Debtor shall duly and punctually pay, or cause to be paid, all Priority Debt (as defined below) when due, and will forthwith provide Accord with notification of outstanding amounts owing by the Debtor in relation to any Priority Debt. "**Priority Debt**" means debt owing by the Debtor with respect to federal, provincial, or municipal taxation authorities, which includes but is not limited to, property taxes, GST/HST, source deductions, income tax, employee deductions, employer health tax, and workers compensation contributions, and further includes any statutory claims under the *Wage Earner Protection Program Act*, SC 2005, c. 47, s. 1, statutory liens, charges, encumbrances, or claims against the assets of the Borrower, including but not limited to, liens under the *Forest Act [RSBC 1996] c. 157*, Repairmen's Liens, Garage Keeper's Liens, Mechanic Liens, Woodsman's Liens, and Builders Liens, and all such jurisdictional equivalents;
- (ii) *Perform Obligations.* The Debtor shall fully observe and perform its obligations under this Agreement, including, without limitation, duly and punctually making all payments, and paying any and all amounts payable by the Debtor to Accord, when due;
- (iii) *Corporate Existence.* The Debtor shall maintain in good standing its corporate existence under the laws of its jurisdiction

of incorporation and qualify and remain duly qualified to do business and own property in each jurisdiction in which such qualification is necessary in view of its business and operations;

(iv) *Compliance with the Law.* The Debtor shall comply, in all respects, with all applicable laws, ordinances, rules, regulations and orders pertaining to the Debtor and applicable to the Equipment, and any of its property, assets, and undertakings;

(v) *Obtain/Maintain Licenses.* The Debtor shall obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of the Equipment, its property, assets and undertakings or to the conduct of its business(es), in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a material adverse effect;

(vi) *Location.* The Equipment is and shall remain located at the Equipment Location set forth above and the Debtor shall permit Accord, and all those designated by Accord (the "**Designates**") to visit and inspect the Equipment, and the Debtor shall ensure that Accord and the Designates have free and unrestricted access to the Equipment, and that Accord and the Designates will be provided with such information and data relating to the Equipment as Accord and the Designates may reasonably request;

(vii) *Changes.* The Debtor will promptly notify Accord in writing of:

- A. any transfer, authorized or unauthorized, of any interest in, or benefit from, the Equipment;
- B. any change, authorized or unauthorized, in the location of the Equipment; and
- C. any change in the location of the head office of the Debtor;

(viii) *Maintain Equipment.* The Debtor shall maintain and keep the Equipment in good operating condition and repair and in satisfactory condition for its intended uses, and be maintained and used accordance with good business practices and the specifications and recommendations of its manufacturers and suppliers (and shall enter into all maintenance or service agreements as may be necessary to do so) and in compliance with all applicable laws, and the Debtor shall pay all expenses, costs, taxes, fees, charges, and assessments arising in respect of the Equipment and its use, and the Equipment shall be conspicuously marked as required by Accord to reflect Accord's interest therein;

(ix) *Financial Information.* During the continuance of this Agreement, the Debtor shall provide Accord with interim and/or annual financial statements, or such other information respecting its financial condition or operations as Accord may request from time to time;

(x) *Canada Revenue Agency Payments.* The Debtor shall, upon request by Accord, provide Accord with written confirmation that all remittances to the Canada Revenue Agency by the Debtor are up to date with no amounts being in arrears;

(xi) *Notice of Litigation.* The Debtor shall promptly provide Accord with written notice of all litigation and all proceedings before any governmental or regulatory agencies or arbitration authorities affecting it, except those which, if adversely determined, would not have a material adverse effect on its financial condition or business(es);

(a) Negative Covenants:

- (i) **Further Encumbrances.** The Debtor will not place or secure any debt in addition to financing under this Agreement against any of the Equipment, nor will it create, assume or permit to exist any mortgage, charge, hypothec, pledge, lien or other encumbrance or security interest with respect to any of the Equipment, without the prior written consent of Accord;
- (ii) **Provide Loans/Guarantees.** The Debtor shall not make any advances or loans to, or any investment in, or provide any guarantees on behalf of, any corporation, entity, or person;
- (iii) **Transfer.** The Debtor shall not sell, lease, loan, assign, provide the benefit of, or dispose of the Equipment, or any part thereof, to any other person, or replace, alter, upgrade, or modify the Equipment, excepting that the Debtor may replace or upgrade parts of the Equipment in order to comply with its obligations under this Agreement provided that such parts are free and clear of all liens and encumbrances, and the fair market value of the Equipment is thereafter greater than its value prior to such replacement or upgrade. Any proceeds arising from a disposition of Equipment which does not comply with the foregoing sentence shall be held by the Debtor in trust for Accord and immediately due and payable by the Debtor to Accord;
- (iv) **Corporate Structure.** The Debtor shall not amalgamate, consolidate or merge with any other corporation, entity, or person;
- (v) **Capital Structure.** The Debtor shall not redeem any of its redeemable shares, pay dividends in excess of net income, or otherwise change its capital structure or make any form of capital withdrawal;
- (vi) **Partnership.** The Debtor shall not enter into a partnership, joint venture or similar relationship with any other corporation or entity;
- (vii) **Circumvent Security.** At no point in time will the Debtor operate in such a manner so as to divert income to a related or other corporation, entity, or person;
- (viii) **Transactions.** The Debtor shall not pay non market rates for products and/or services to a related corporation, entity, or person;
- (ix) **Change of Name.** The Debtor shall not change its name unless thirty (30) days' prior written notice thereof has been given to Accord;
- (x) **Change of Fiscal Year End.** The Debtor shall not change its fiscal year end;
- (xi) **Fixture.** The Debtor shall not allow the Equipment, or any part thereof, to become a fixture, accession, or leasehold improvement.

**9. Prepayments:** If the Debtor is not in Default, it may on any scheduled installment payment date, discharge the Indebtedness hereunder, provided that:

- (a) The Debtor has irrevocably given Accord at least thirty (30) days written notice of its intent to prepay; and
- (b) The Debtor pays Accord the whole of the Indebtedness then outstanding plus any accrued and unpaid interest thereon at the date of such payment and any of Accord's unamortized expenses, fees, and costs incurred to underwrite this Agreement, plus:
  - (i) if the Prepay Notice is received by Accord any time up to and including the first twelve (12) months of the Agreement, a sum of money equal to twelve (12) months interest at the rate implicit hereunder; or

- (ii) if the Prepay Notice is received by Accord after the first twelve (12) months of the Agreement, a sum of money equal to six (6) months interest at the rate implicit hereunder;
- (iii) if the Prepay Notice is received by Accord at any time after the time periods stipulated in Sections 9 (b)(i) - (ii) above, a sum of money equal to three (3) months interest at the rate implicit hereunder.

**10. Assignment:** This Agreement shall not be assignable by the Debtor. Accord may, without the consent of or notice to the Debtor, assign the benefit of this Agreement to any assignee, and if so assigned, the assignee takes the place of Accord in this Agreement.

**11. Tracking Device:** Accord reserves the right to install any tracking or engine control device and to use same for its benefit to locate, secure, or seize the Equipment. Accord's right to do so is cumulative with all other remedies set out herein and available at law. Accord will not be responsible for any damage or loss of business suffered by the Debtor as a result of such use by Accord of any tracking or engine control device.

**12. Security Deposit:** Accord may apply the Security Deposit as it wishes, at any time, to any amounts due under this Agreement if not paid by the Debtor. The Debtor will not earn any interest on the Security Deposit. Upon termination of this Agreement, the Security Deposit, net of any arrears of payments or other amounts due under this Agreement, will be refunded to the Debtor.

**13. Default:** Each of the following constitutes an event of default under this Agreement (a "Default") without the giving of any notice or the lapse of any time:

- (a) Failure of the Debtor to pay when due any amount payable under this Agreement;
- (b) Failure of the Debtor to comply with any covenants or conditions under this Agreement, or to perform any obligations under this Agreement;
- (c) Failure of the Debtor to duly and punctually pay, or cause to be paid, all Priority Debt when due;
- (d) Any warranty, information, or representation made herein or furnished by or on behalf of the Debtor in connection with this Agreement proves to have been materially incorrect when made or furnished to Accord;
- (e) Any of the following occurs in respect of or is instituted or claimed by or against the Debtor:
  - (i) an event of bankruptcy;
  - (ii) an inability to pay debts;
  - (iii) proceedings in or in respect of bankruptcy, insolvency, receivership, winding-up, liquidation, amalgamation or dissolution; or
  - (iv) an arrangement or compromise with or assignment for the benefit of creditors;
- (f) The Debtor permits any execution, attachment, distress, or writ to be levied against the Equipment;
- (g) The Equipment is damaged or destroyed, unless Accord in its sole determination elects to apply the proceeds of insurance to the replacement of such Equipment;

(h) If the Debtor is an individual and he/she dies or becomes incompetent, or, if the Debtor is other than an individual and it sells any of its assets out of the ordinary course of business (regardless of whether the Equipment is part of such sale), or a direct or indirect change in control of the Debtor occurs (including a change in the Debtor's ultimate beneficial ownership);

(i) The Debtor ceases or threatens to cease its business;

(j) The Debtor pays dividends or other distributions which, in the sole determination of Accord, impair the financial health of the Debtor;

(k) The Debtor removes or permits removal of the Equipment from the Equipment Location, or sells, leases, disposes, or proposes to dispose of the Equipment or any interest therein;

(l) Any lien or encumbrance of any kind whatsoever attaches to the Equipment with priority to or on a *pari passu* basis with this Agreement, or any lien or encumbrance becomes enforceable against the Equipment or any of the Debtor's other assets, regardless of its priority thereto, or any debt of the Debtor becomes accelerated;

(m) Accord has commercially reasonable grounds to believe that the prospect of payment or performance under this Agreement is or is about to be impaired, or that the Equipment is or is about to be placed in jeopardy;

(n) An event of default occurs under any other contract, lease, or agreement as between the Debtor (or any of them, if there is more than one Debtor) and Accord (or any of Accord's related companies, subsidiaries, and affiliates); or

(o) Any guarantor of the Debtor's obligations under this Agreement disputes its obligations under its guarantee, or seeks to terminate its guarantee of the Debtor's future obligations or becomes subject to any of the events set out in Sections 13 (b) - (d), (g), (j) - (k) above.

**14. Cross-Collateral Default:** A Default under this Agreement shall be deemed to trigger a material event of default under any other contract, lease, or agreement as between the Debtor (or any of them, if there is more than one Debtor) and Accord (or any of Accord's related companies, subsidiaries, and affiliates), whether Accord is the original lender/lessor or an assignee), or between the Debtor and any of Accord's related companies and subsidiaries. Accord may elect, in its sole and absolute discretion, to forbear enforcement on any other agreement between the Debtor and Accord, but in so doing, Accord shall not be deemed to waive its rights under this Section 14.

**15. Remedies:** Upon a Default having occurred and at any time thereafter, Accord shall have the following rights and remedies, each of which are cumulative and are in addition to and not in substitution for or a limitation of any rights or remedies provided by law, all of which may be exercised alone or in conjunction with any other of Accord's rights and remedies herein or otherwise at law (provided only that such rights are not inconsistent), and Accord shall not be required to enforce or exhaust any particular remedy, as against any particular Debtor, but may choose to enforce against any one Debtor or all of them:

(a) Accord may, by notice to the Debtor, declare all of the Indebtedness to be immediately due and payable, and Accord may set-off against any amounts owing by it to the Debtor;

(b) Accord may pay off any lien or encumbrance against the Equipment and any amounts incurred by Accord, with costs, shall be borne by the Debtor and form part of the Indebtedness and shall bear interest as set out in Section 17 until paid;

(c) Accord may seize or disable the Equipment wheresoever it is situated, or may sue the Debtor for all the Indebtedness owing under this Agreement, or do both, and any judgment and/or seizure or disposition of the Equipment shall not create any merger of Accord's rights herein;

(d) In the event that Accord has seized or disabled the Equipment, Accord or its agent may:

- (i) without notice to the Debtor repair, or sell, consign, lease, or otherwise dispose of the Equipment by private contract or by private or public auction, and shall have all rights of access to the Equipment necessary in Accord's opinion to effect such disposition and the Debtor authorizes its landlord to provide Accord with such access, and Accord may in its discretion establish such terms of disposition as it deems desirable, including credit, reserve bids, payment terms and price; or
- (ii) elect to retain the Equipment in satisfaction of all or part of the Indebtedness. In the event Accord elects to retain the Equipment in respect of less than all of the Indebtedness, Accord shall advise the Debtor of the part of the Indebtedness the Equipment is retained in respect of, and Accord shall act reasonably in ensuring that the net realizable value of such Equipment equates to the value of such Indebtedness, which may in Accord's sole discretion include relying on the judgment of appraisers, and Accord may thereafter continue to enforce all rights and remedies available to it to recover payment in respect of any part of the Indebtedness which remains unsatisfied;

(e) All costs of repairs and all other costs incurred in connection with the seizure, disabling, holding, and disposition of the Equipment, including fees of its agents and professional advisers (including all legal fees), all allowable and reasonable costs in effecting the collection, whenever and howsoever incurred, and a sum of money equal to three (3) months interest at the rate implicit per annum, and any amounts incurred by Accord shall be borne by the Debtor and form part of the Indebtedness and shall bear interest as set out in Section 17 until paid;

(f) In the event the Equipment is sold, all proceeds of sale shall be applied by Accord in reduction of the Indebtedness in the order Accord, in its sole discretion, determines is appropriate and the Debtor shall continue to be liable for any deficiency;

(g) Accord shall have no liability due to any failure to seize, realize, dispose of, or otherwise deal with the Equipment or any other collateral, or failure to enforce any of its other rights against the Debtor or any other person or for any negligence on its part or the part of its agents, nor shall Accord be bound to institute proceedings against any person for such purposes or for the purpose of preserving its rights in respect of the Equipment;

(h) If Accord or its agents take possession of the Equipment they shall have no liability as a creditor in possession and shall not be accountable for anything other than actual receipts.

(i) The Debtor's liability for the Indebtedness is not subject to the equities between it and Accord and no right of set-off by the Debtor shall apply. Upon the occurrence of a Default, the Debtor hereby irrevocably waives time for the payment of the Indebtedness;



(j) Accord may, in lieu of or in addition to exercising any of its rights and remedies under this section, appoint or retain any person as its agent to exercise such rights and remedies.

**16. Pre-Authorized Payments:** The Debtor authorizes Accord or its assigns to draw regular payments for business purposes (the "PAP" or "PAP's") from its designated bank account (whether it continues to be maintained at the current location or at another branch of the bank, or at another bank) (the "Designated Account") to cover all of the required payments, fees, and interest, under this Agreement. Each PAP will be drawn from the Designated Account in the amounts and due dates determined under this Agreement.

The Debtor specifically waives any pre-notification requirements that apply to any PAP and agrees that written notice will not be provided (1) before the due date of any PAP, (2) of any change to the amount of any PAP, and (3) of any change to the due dates. Accord will obtain the specific prior authorization of the Debtor for one-time or other sporadic PAP's, the amounts or due dates of which are not identified in this Agreement.

The Debtor warrants that all persons whose signatures are required to sign on the Designated Account have signed this Agreement. The Debtor will immediately notify Accord in writing of any change to the Designated Account, and in any event, no later than ten (10) days post change. Accord is not responsible to notify the Debtor if any PAP is reversed due to non-sufficient funds, funds not cleared, or changes to the Designated Account. In such an event, Accord may re-present the PAP within 30 days of the original due date. The Debtor is responsible for any charges that arise from such a situation and is required to ensure that the necessary payment is made to Accord through an alternative method. The Debtor must contact Accord to arrange for coverage of any missed payment(s).

The Debtor may change or cancel this PAP authorization at any time on thirty (30) days written notice to Accord: Accord Small Business Finance Corp., 305 – 889 Harbourside Drive, North Vancouver, BC, V7P 3S1, (phone: (604) 982-3031; fax: (888) 835-9757; email: customerservice@accordfinancial.net). However, the Debtor hereby acknowledges that PAP's are a CONDITION OF THIS AGREEMENT. Cancelling this PAP authorization without immediately replacing it, will be considered an Event of Default under this Agreement. In the event Accord waives the requirement for PAP's, then the Debtor will pay a service charge for other payment methods. The Debtor acknowledges that the right to cancel this PAP authorization only applies to the method of payment and has no bearing otherwise on the obligations under this Agreement.

Accord may assign this authorization to any third party to whom it assigns its interest in this Agreement. The Debtor will be notified of the identity and contact information of any such assignee. The Debtor has certain recourse rights if any PAP does not comply with this Agreement. For example, the Debtor has the right to receive reimbursement for any PAP that is not authorized or is not consistent with this Agreement. To obtain more information on the recourse rights of the Debtor, or the rights of the Debtor to cancel a PAP authorization, or to obtain a sample cancellation form, the Debtor should contact its financial institution or visit [www.cdnpay.ca](http://www.cdnpay.ca).

**17. Overdue Payments:** When a payment or any other amount owing by the Debtor under this Agreement is not paid when due, the Debtor agrees to pay Accord a late fee of \$10.00 for each month or partial month during which such amount is unpaid, plus interest at the rate of 28.8% per annum, calculated and compounded monthly, payable on demand. The Debtor further agrees to pay to Accord a Returned Cheque Charge of \$50.00 plus

GST payable on demand for each dishonoured cheque. All such amounts payable to Accord under this Section 17 shall form part of the Indebtedness.

**18. Charge on Land:** The Debtor hereby charges any lands which it owns or may in the future own during any time when any amount remains outstanding under this Agreement and it authorizes the registration of any and all caveat(s), lien(s), or other encumbrances against any such property. Accord reserves the right to file such registration(s) at any time during this Agreement.

**19. Law:** This Agreement is governed by the laws in which the use of the Equipment was originally intended as indicated by the Equipment Location and the parties attorn to the jurisdiction of the courts of such province. Terms not otherwise defined in this Agreement have the meaning ascribed them under the PPSA unless the context is inconsistent with this Agreement. To the maximum extent permitted by law, the Debtor waives its rights and all benefits under any existing or future statute which limits the rights and/or remedies of a secured party and, in particular, agrees that Part 6 of the *Law of Property Act* (Alberta), the *Seizures Act* (Alberta) and the *Limitation of Civil Rights Act* (Saskatchewan), or any amendments or regulations thereof, shall not apply to this Agreement.

**20. Criminal Code:** Notwithstanding any provision in this Agreement to the contrary, in no event will the aggregate "interest" (as defined in section 347 of the *Criminal Code* (Canada)) payable by the Debtor under this Agreement exceed the maximum effective annual rate of interest on the "credit advanced" (as defined in that section 347) permitted under that section and, if any payment, collection or demand pursuant to such loan agreement in respect of "interest" (as defined in that section 347) is determined to be contrary to the provisions of such section 347, such payment, collection or demand will be deemed to have been made by mutual mistake and the amount of such payment or collection will be refunded to the Debtor only to the extent of the amount which is greater than the maximum effective annual rate permitted by such laws. For purposes of determining compliance with such section 347, the effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term of this Agreement and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Accord will be prima facie evidence for the purposes of such determination.

## **21. General:**

(a) **Language.** The parties hereto agree that this Agreement and all documents related thereto be written in the English language (*Les parties en présences conviennent à ce que ce document soit rédigé en anglais*);

(b) **Notices.** Any notices required under this Agreement shall be sufficient if given in writing and delivered in person or by courier to the addresses noted above, by mail, or by email, or such further address as updated by either party from time to time upon notice to the other. Any such notice shall be deemed to have been duly given upon delivery if delivered in person, or by courier, or if given by email, only upon receipt of email confirmation from the recipient that the email has been received, or if by mail, on the fifth day after posting;

(c) **Interpretation.** Whenever the context of this Agreement so requires, the singular number shall include the plural and vice versa, and words importing gender shall include all genders. Headings are inserted for convenience of reference only and shall not affect interpretation;

(d) Waiver/Default. Waiver by Accord of any default by the Debtor, or the failure by Accord to exercise any option or right shall not constitute a continuing waiver or relinquishment of such or any default, option, or right, and Accord shall have the right to insist upon strict performance by the Debtor of any and all of the terms and provisions of this Agreement;

(e) Waiver/Remedies. Any single or partial exercise by Accord of any right or remedy for a default or breach of any term, covenant, condition or agreement herein contained shall not be deemed to be a waiver of or to alter, affect, or prejudice any other right or remedy or other rights or remedies to which Accord may be lawfully entitled for the same default or breach;

(f) Severability. The Debtor acknowledges that the provisions of this Agreement are commercially reasonable. Should any provision of this Agreement be or become illegal, invalid or not enforceable, it will be considered separate and severable from this Agreement and the remaining provisions will remain in force and be binding upon the parties hereto and be enforceable to the fullest extent of the law;

(g) Enurement. This Agreement shall enure to the benefit of Accord and its successors and assigns and shall bind Debtor and its successors;

(h) Entire Agreement. This Agreement shall constitute the entire agreement between the parties on its subject matter and the phrase "this Agreement" means this Agreement, as amended in writing from time to time, and all schedules hereto, such schedules being incorporated into and forming part of this Agreement;

(i) Further Assurances. The Debtor will immediately at the request of Accord, execute and deliver to Accord any further assurances, documents, and instruments, obtain any consents, and do any other things as Accord may reasonably require to accomplish the purposes of this Agreement, or to make any filing or registration to perfect or protect Accord's interest in the Equipment;

(j) Survival. Subject to the terms and conditions of this Agreement, all obligations of the Debtor, and the rights and remedies of Accord, including all indemnities of Accord by the Lessee, shall survive the termination of this Agreement and the receipt of all amounts due and owing by the Debtor to Accord;

(k) Time of the Essence. Time shall be of the essence of this Agreement and shall continue to be of the essence;

(l) Electronic Communication. The parties may exchange information or communicate regarding the Agreement using email or other formats of electronic communication. The parties agree and acknowledge that there are risks associated when using email and other electronic communication, and specifically that information may be accessed by third parties as a result. The parties hold each other harmless in the event that information in emails or other electronic communication is inadvertently disclosed to or otherwise assessed by third parties. The parties authorize and permit each other to communicate regarding any matters related to the Agreement using email at any email addresses provided to each other, notwithstanding that such email addresses may be used by third parties during the Agreement. Any information exchanged by email or other electronic communication will not vary, modify, amend, or change the terms or conditions of the Agreement, or any other agreements between the parties.

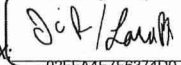
(m) Counterparts. This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement.

(n) Acknowledgment. The Debtor acknowledges that this Agreement is a valid and legally binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms (subject only to applicable laws affecting creditors generally and to general principles of equity), and further acknowledges receipt of a copy of this Agreement.

(o) Electronic Signatures. If electronic signatures are used with respect to this Agreement, any addendums, security documents, or any certificates, reports, statements, information, data, documents or instruments delivered pursuant to or in connection with the Indebtedness, the Debtor acknowledges and agrees that the application of the Debtor's electronic signature is the legal equivalent of the Debtor's manual signature and shall be deemed to be equivalent to an original signature for all purposes and that the Debtor is legally bound by the terms and conditions of this Agreement. In signing this Agreement and by initialing this provision, the Debtor consents to the use of electronic signatures.

| INITIALS   |            |
|------------|------------|
| Debtor [1] | Debtor [2] |
| Debtor [4] | Debtor [4] |

The undersigned Debtor(s) have read, understand, and accept this Agreement, including the attached Terms and Conditions, Schedules, and Letter of Direction, and hereby affirm that they are authorized to execute this Agreement.

DocuSigned by:  
  
 02FEA4E7-6374D0  
 Copperline Excavating Ltd

X: \_\_\_\_\_

X: \_\_\_\_\_

X: \_\_\_\_\_





305-889 Harbourside Dr., North Vancouver, BC V7P 3S1  
 Telephone: (604) 982-3010 Toll Free Fax: 1-888-835-9757  
 CustomerService@AccordFinancial.net

## LETTER OF DIRECTION

**DATE:** April 4, 2019

**TO:** Accord Small Business Finance Corp. ("Accord")

**RE:** Loan and Security Agreement No. 106691 (the "Agreement") between Accord and **Copperline Excavating Ltd** (the "Debtor")

We authorize and instruct Accord to disburse the total proceeds of **\$13,500.00** from the above-mentioned Agreement as follows:

Total Loan Proceeds:

| <u>Amount</u>           | <u>Payees</u>                    |
|-------------------------|----------------------------------|
| <b>\$13,500.00</b>      | <b>Copperline Excavating Ltd</b> |
| <b>\$0.00</b>           |                                  |
| <b>\$0.00</b>           |                                  |
| <b>\$0.00</b>           |                                  |
|                         |                                  |
| <b>Total Proceeds</b>   | <b>\$13,500.00</b>               |
| <b>Capitalized Fees</b> | <b>\$480.00</b>                  |
| <b>Principal Sum</b>    | <b>\$13,980.00</b>               |

Disbursement by Accord in accordance with the foregoing instructions shall be and constitute payment and delivery to and receipt by Debtor of any and all such proceeds.

**THE UNDERSIGNED AFFIRMS THAT HE/SHE IS DULY AUTHORIZED TO EXECUTE THIS AGREEMENT**

|                                              |                                                |
|----------------------------------------------|------------------------------------------------|
| Debtor (1): <b>Copperline Excavating Ltd</b> | Signature for Debtor (1)<br><i>[Signature]</i> |
| Debtor (2):                                  | Signature for Debtor (2)                       |
| Debtor (3):                                  | Signature for Debtor (3)                       |
| Debtor (4):                                  | Signature for Debtor (4)                       |

**Agreement No: 106691**

## Certificate Of Completion

Envelope Id: 0E1DEB1E554D4CF88D425C6E9989942D

Status: Completed

Subject: Please DocuSign: 106691

Source Envelope:

Document Pages: 8

Signatures: 5

Certificate Pages: 5

Initials: 1

AutoNav: Enabled

Envelopeld Stamping: Enabled

Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Envelope Originator:

James Jang

305-889 HARBOURSIDE DR

NORTH VANCOUVER, BC V7P 3S1

Jjang@accordfinancial.net

IP Address: 216.210.104.226

## Record Tracking

Status: Original

Holder: James Jang

Location: DocuSign

April 4, 2019 | 11:44

Jjang@accordfinancial.net

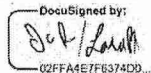
## Signer Events

Jamie Black

jamie.black@copperlineexcavating.ca

Security Level: Email, Account Authentication  
(Optional)

## Signature

DocuSigned by:  
  
02FFA4E7F6374D0...

Signature Adoption: Drawn on Device

Using IP Address: 207.228.78.247

Signed using mobile

## Timestamp

Sent: April 4, 2019 | 11:45

Viewed: April 4, 2019 | 12:00

Signed: April 4, 2019 | 12:00

## Electronic Record and Signature Disclosure:

Accepted: April 4, 2019 | 12:00

ID: 198a9608-6e48-4e3e-b42f-759a865f0ff7

Company Name: Accord Small Business Finance Corp.

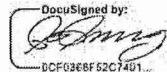
James Jang

jjang@accordfinancial.net

President

Accord Small Business Finance Corp.

Security Level: Email, Account Authentication  
(Optional)

DocuSigned by:  
  
0CF03E6F52C7401...

Signature Adoption: Drawn on Device

Using IP Address: 216.210.104.226

Sent: April 4, 2019 | 12:00

Viewed: April 5, 2019 | 12:51

Signed: April 5, 2019 | 12:51

## Electronic Record and Signature Disclosure:

Accepted: April 5, 2019 | 11:24

ID: 39cddc86-8b17-4a1e-bbd8-5cdf04aaab5a

Company Name: Accord Small Business Finance Corp.

## In Person Signer Events

## Signature

## Timestamp

## Editor Delivery Events

## Status

## Timestamp

## Agent Delivery Events

## Status

## Timestamp

## Intermediary Delivery Events

## Status

## Timestamp

## Certified Delivery Events

## Status

## Timestamp

## Carbon Copy Events

## Status

## Timestamp

## Notary Events

## Signature

## Timestamp

## Envelope Summary Events

## Status

## Timestamps

Envelope Sent

Hashed/Encrypted

April 4, 2019 | 12:00

Certified Delivered

Security Checked

April 5, 2019 | 12:51

| Envelope Summary Events                    | Status           | Timestamps            |
|--------------------------------------------|------------------|-----------------------|
| Signing Complete                           | Security Checked | April 5, 2019   12:51 |
| Completed                                  | Security Checked | April 5, 2019   12:51 |
| Payment Events                             | Status           | Timestamps            |
| Electronic Record and Signature Disclosure |                  |                       |

## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

From time to time, Accord Small Business Finance Corp. (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

### **Getting paper copies**

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$1.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

### **Withdrawing your consent**

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

### **Consequences of changing your mind**

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

### **All notices and disclosures will be sent to you electronically**



Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

**How to contact Accord Small Business Finance Corp.:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by phone call: (604) 982-3010

To contact us by email send messages to: [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net)

To contact us by paper mail, please send correspondence to:

Accord Small Business Finance Corp / Accord Small Business Leasing Corp.

305-889 HARBOURSIDE DR

NORTH VANCOUVER, British Columbia, V7P 3S1

**To advise Accord Small Business Finance Corp. of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

**To request paper copies from Accord Small Business Finance Corp.**

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to [CustomerService@accordfinancial.net](mailto:CustomerService@accordfinancial.net) and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

**To withdraw your consent with Accord Small Business Finance Corp.**

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

**Required hardware and software**

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

**Acknowledging your access and consent to receive and sign documents electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Accord Small Business Finance Corp. as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Accord Small Business Finance Corp. during the course of your relationship with Accord Small Business Finance Corp..





305-889 Harbourside Drive, North Vancouver, BC V7P 3S1  
Telephone: (604) 982-3010 | Toll Free Fax: 1-888-835-9757  
CustomerService@AccordFinancial.net

**THIS LOAN AND SECURITY AGREEMENT**, its Terms and Conditions, and any schedules, attachments, or amendments hereto (collectively, this "**Agreement**") made this 4 day of April, 2019 between **Accord Small Business Finance Corp. ("Accord")** AND **Copperline Excavating Ltd** (individually and collectively, the "**Debtor**") of BOX 3006, 375 SASKATCHEWAN AVE, SPRUCE GROVE, ALBERTA T7X 3A1 with telephone 780-968-3805, and email address .

**IN CONSIDERATION** of the sum of Fifty-Four Thousand Three Hundred Seventy-Two And 00/100 Dollars (**\$54,372.00**) of lawful money of Canada paid by Accord to the Debtor and other value received, the receipt of which is hereby acknowledged, the Debtor agrees to repay all amounts of principal and interest, and all other amounts owing by the Debtor to Accord in accordance with the terms and conditions of this Agreement (collectively, the "**Indebtedness**"), and as general and continuing security for the payment of the Indebtedness, and the performance of all obligations of the Debtor to Accord under this Agreement, the Debtor hereby assigns and grants to and in favour of Accord, its successors and assigns, as a fixed and specific charge, lien and encumbrance on, and security interest in the equipment described in the attached Equipment Schedule, together with all additions, upgrades, components, replacements, accessions and equipment now or hereafter attached to or forming part of, and including all proceeds therefrom (including any proceeds of insurance) and substitutions therefore, and all rights, licenses (including software licences), information, records, service or maintenance agreements, guarantees and warranties in respect of or related to such equipment (collectively, the "**Equipment**"), such security interest being a purchase-money security interest to the extent it satisfies the criteria set out in the *Personal Property Security Act* ("**PPSA**"), to have and to hold the Equipment unto Accord forever, provided only that if the Debtor discharges the Indebtedness in full, Accord shall release its interest in the Equipment.

#### Equipment Schedule

2014 John Deere 35D w Thumb - S/N: 1FF035DXECG271378

Equipment Location: same as above

FOR VALUE RECEIVED, each individual Debtor jointly and severally and unconditionally promises to pay, to or to the order of Accord, at Accord's office at Suite 305 – 889 Harbourside Drive, North Vancouver, BC, V7P 3S1, the principal amount of Fifty-Four Thousand Three Hundred Seventy-Two And 00/100 Dollars (**\$54,372.00**) (the "**Principal**") together with interest calculated and compounded monthly at the rate of 14.25% per annum, in **42** blended instalments in the amounts and on such dates as set out on the face of this Agreement or any attached payment schedule, and where a period of time is shown on such schedule, then on the same day in each month during the period until payment has been made of all outstanding Principal and accrued interest hereunder, after as well as before maturity and both before and after default and/or judgment, with interest on any overdue payments at the rate of 28.8% per annum, calculated and compounded monthly (See Section 17). Such instalments will be applied first to accrued and unpaid interest and then to unpaid Principal.

All the Indebtedness, including all accrued and unpaid interest, shall become accelerated and immediately due and payable upon:

- (i) any failure of the Debtor to pay the Principal or interest when due in accordance with the terms of this Agreement, or
- (ii) on the occurrence of any "**Default**" (as defined below), all without presentment, demand, protest, notice of dishonour, or any other demand or notice whatsoever, all of which are expressly waived by the Debtor.

**PRE-AUTHORIZED PAYMENT PLAN** (see Section 16): Debtor hereby authorizes Accord to periodically draw from the Bank Account (the "**Account**") noted on the **attached void cheque** the periodic payment amount and other amounts due hereunder.

DocuSigned by:

(1) Authorized Cheque Signatory / Name / Title: *Sil/Larsh*

02FFA4E7F6374D0...

(2) Authorized Cheque Signatory / Name / Title: \_\_\_\_\_

#### LOAN STATEMENT

|                    |                    |
|--------------------|--------------------|
| <b>\$53,100.00</b> | Amount Advanced    |
| <b>\$1,272.00</b>  | + Capitalized Fees |
| <b>\$54,372.00</b> | = Principal Sum    |
| <b>\$0.00</b>      | Reg. & Doc. Fees   |

#### MONTHLY PAYMENT SCHEDULE

| #        | Payment           | Commencing         |
|----------|-------------------|--------------------|
| <b>8</b> | <b>\$1,960.19</b> | <b>May 7, 2019</b> |
| <b>3</b> | <b>\$515.83</b>   | <b>Jan 7, 2020</b> |
| <b>9</b> | <b>\$1,960.19</b> | <b>Apr 7, 2020</b> |
| <b>3</b> | <b>\$515.83</b>   | <b>Jan 7, 2021</b> |
| <b>9</b> | <b>\$1,960.19</b> | <b>Apr 7, 2021</b> |
| <b>3</b> | <b>\$515.83</b>   | <b>Jan 7, 2022</b> |
| <b>7</b> | <b>\$1,960.19</b> | <b>Apr 7, 2022</b> |

|                    |                  |
|--------------------|------------------|
| <b>\$ 1,960.19</b> | Security Deposit |
|--------------------|------------------|

This Agreement is only effective upon execution by an authorized officer of Accord Small Business Finance Corp. following the Debtor's execution hereof.

**Accord Small Business Finance Corp.**

The undersigned Debtor(s) have read, understand, and accept this Agreement, including the attached Terms and Conditions, Schedules, and Letter of Direction, and hereby affirm that they are authorized to execute this Agreement.

**Copperline Excavating Ltd**

Authorized Signature:

*[Signature]*

0CF0368F52C7401...

Agreement No: 106692

Date:

April 5, 2019 | 12:51:16 PDT

Debtor (1): **Copperline Excavating Ltd**

Signature for Debtor (1)

*[Signature]*

02FFA4E7F6374D0...

Debtor (2):

Signature for Debtor (2)

Debtor (3):

Signature for Debtor (3)

Debtor (4):

Signature for Debtor (4)

**Terms and Conditions**

|                      |               |
|----------------------|---------------|
| <b>Agreement No:</b> | <b>106692</b> |
|----------------------|---------------|

**1. Attachment:** The Debtor acknowledges that value has been given and that Accord's security interest in the Equipment attaches upon the execution of this Agreement, or if the Debtor has no interest in the Equipment, or in any part of the Equipment, upon execution than at the same time the Debtor acquires an interest in the Equipment.

**2. Credit Investigation & Consent to Information Sharing:** The Debtor hereby authorizes Accord, its agents, affiliates, subsidiaries, and third-party service providers, at any time whether it be before, during, or after the completion of this Agreement, to conduct financial and credit investigations of the Debtor, its individual principals, shareholders, guarantors, and/or persons otherwise connected with this Agreement, and to collect, use, share, and disclose personal and business information about such parties for the purposes of approval, maintenance, statistical analysis, and enforcement (the "Information"), from any source to which Accord may apply and each source is hereby authorized to provide the Information to the Accord. Sources of the Information may include, but are not limited to, credit reporting agencies, credit bureaus, creditors, credit grantors, or any banking or other financial institution. Accord may further collect, use, and disclose the Debtor's Social Insurance Number or other personal identifier to verify and report credit information to credit bureaus or credit reporting agencies as well as to confirm identities. The Debtor understands and consents to the Information being held on file by Accord as per Accord's official Privacy Policy, which is available upon request.

**3. Indemnification:** The Debtor hereby agrees to indemnify and save Accord and its affiliates, subsidiaries, officers, directors, agents, and servants, harmless from and against any and all actions, claims, liens, costs, damages, disbursements, expenses (including legal expenses), liabilities, taxes, charges, fees, or any losses whatsoever suffered or incurred by Accord, due to the Debtor's ownership, use, or possession of the Equipment, any breach by the Debtor of any provision under this Agreement, or any exercise by Accord of enforcing its rights or remedies under this Agreement.

**4. Joint And Several Liability:** EACH DEBTOR (if there is more than one Debtor) acknowledges and agrees that liability for all obligations under this agreement is joint and several (and in the Province of Quebec, solidarily).

**5. Insurance:** The Debtor shall obtain and maintain for the term of this Agreement, at its own expense, insurance for all risks of physical loss or damage to the Equipment and to persons associated with the Equipment, including without limitation, theft, collision, personal injury or death, liability and damage to the property of others, and such other risks of loss as are customarily covered by insurance on like equipment and maintained by prudent operators of businesses similar to that in which the Debtor is engaged, in such amounts, in such form, on such terms, and with such insurers as shall be satisfactory to Accord, including insurance for damage or destruction to the Equipment in a sum not less than the greater of the amount secured by this Agreement and the replacement cost of the Equipment. Accord may, if the Debtor's insurance is inadequate, require that insurance on the Equipment be improved, changed, or amended to comply with this Agreement.

Each insurance policy will designate Accord as a first loss payee and specify that the proceeds of insurance generated in the event of any damage to or loss of the Equipment (the "Proceeds") shall be allocable exclusively to the Equipment and payable solely to Accord, and segregated

from proceeds generated by any damage to or loss of other insured property and/or persons, and any refund of premium is hereby assigned to Accord. Each insurance policy shall also contain a clause requiring the insurer to give at least thirty (30) days written notice of any alteration to the terms of such policy, and its cancellation. All insurance policies and renewal certificates shall be provided to Accord upon request. The Debtor shall provide Accord with prompt notice of any damage to or loss of any part of the Equipment.

If the Debtor fails to maintain insurance, or otherwise fails to provide a certificate of insurance to Accord, the Debtor agrees that Accord shall be entitled, but not obliged, to obtain the required insurance, and the Debtor shall cooperate with Accord's insurer in connection with the placement of such insurance and the processing of any claims. Nothing herein shall be deemed to obligate or Accord to act as an insurer, or to secure, maintain in force, or renew any insurance, in any amounts, or upon any specific terms and conditions, and Accord reserves the right to terminate any such insurance coverage which Accord may arrange, or allow same to lapse, without liability to Debtor. Any amounts incurred by Accord shall be borne by the Debtor and form part of the Indebtedness and be payable as set out in Section 17 of this Agreement.

**6. Performance and Reimbursement:** The Debtor agrees that Accord shall be entitled, but not obliged, to perform any of obligations of the Debtor under this Agreement should the Debtor fail to do so.

Any and all payments, charges, costs, fees, expenses, damages, or liabilities suffered or incurred by Accord due to the non-performance by the Debtor of its obligations under this Agreement shall be borne by the Debtor and all such amounts paid by Accord shall be immediately due and payable by the Debtor and form part of the Indebtedness, and shall bear interest at the implicit rate per annum then applicable to amounts due under this Agreement, calculated and compounded monthly, until paid, and shall be secured by this Agreement.

**7. Representations & Warranties:** The Debtor represents and warrants to Accord (such representations and warranties shall survive termination of this Agreement), and acknowledges Accord's reliance thereon in entering into this Agreement, that:

(a) All information, data and reports (financial or otherwise) furnished by or on behalf of the Debtor to induce Accord to enter into this Agreement were true, accurate and complete in all material respects at the time that they were furnished to Accord, and contains no untrue statement of fact and does not omit to state a material fact, the omission of which would cause such information to be misleading;

(b) There are no facts directly relating to the Debtor, not disclosed herein or otherwise disclosed to Accord which, if known to Accord, might reasonably be expected to deter Accord from completing the transaction contemplated in this Agreement;

(c) The Debtor is a corporation duly incorporated and organized, and validly existing under the laws applicable to it;

(d) The Debtor has and will continue to have the power, capacity, legal right, and authority to execute, deliver and perform this Agreement, and to own its property and carry on its business;



(e) This Agreement and its execution, delivery and performance has been duly authorized by all necessary corporate action and does not and will not contravene or conflict with the Debtor's constating documents, by-laws, resolutions, or shareholders agreements, any agreement by which Debtor may be bound, or any provision of any applicable law, regulation, court order or ruling of any judicial or quasi-judicial body;

(f) There are no actions, suits or proceedings pending or, to the knowledge of the Debtor, threatened, at law or in equity or before any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any court or arbitrator of any kind, which involve a reasonable possibility of any material adverse change in the financial condition of the Debtor and, to the best knowledge of the Debtor, the Debtor is not in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court, arbitrator or federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign;

(g) The Debtor has good and marketable title to the Equipment, free from all encumbrances beyond those approved in writing by Accord;

(h) There has been no assignment, sale, transfer, conveyance, mortgage, charge, pledge or hypothecation, absolute or contingent, direct or indirect, of the whole or any part of the Debtor's rights, title, and interest in any of the Equipment;

(i) The Equipment Schedule forming part of this Agreement is complete and accurately describes the Equipment, and the Equipment:

- (i) was not acquired as consumer goods, and shall not be used as consumer goods;
- (ii) is in good operating condition and repair and in satisfactory condition for its intended uses;
- (iii) is located at the Equipment Location set forth above;

**8. Covenants:** The Debtor covenants and agrees with Accord that:

(a) Positive Covenants:

- (i) *Priority Debt:* The Debtor shall duly and punctually pay, or cause to be paid, all Priority Debt (as defined below) when due, and will forthwith provide Accord with notification of outstanding amounts owing by the Debtor in relation to any Priority Debt. "**Priority Debt**" means debt owing by the Debtor with respect to federal, provincial, or municipal taxation authorities, which includes but is not limited to, property taxes, GST/HST, source deductions, income tax, employee deductions, employer health tax, and workers compensation contributions, and further includes any statutory claims under the *Wage Earner Protection Program Act, SC 2005, c. 47, s. 1*, statutory liens, charges, encumbrances, or claims against the assets of the Borrower, including but not limited to, liens under the *Forest Act [RSBC 1996] c. 157*, Repairmen's Liens, Garage Keeper's Liens, Mechanic Liens, Woodsman's Liens, and Builders Liens, and all such jurisdictional equivalents;
- (ii) *Perform Obligations.* The Debtor shall fully observe and perform its obligations under this Agreement, including, without limitation, duly and punctually making all payments, and paying any and all amounts payable by the Debtor to Accord, when due;
- (iii) *Corporate Existence.* The Debtor shall maintain in good standing its corporate existence under the laws of its jurisdiction

of incorporation and qualify and remain duly qualified to do business and own property in each jurisdiction in which such qualification is necessary in view of its business and operations;

(iv) *Compliance with the Law.* The Debtor shall comply, in all respects, with all applicable laws, ordinances, rules, regulations and orders pertaining to the Debtor and applicable to the Equipment, and any of its property, assets, and undertakings;

(v) *Obtain/Maintain Licenses.* The Debtor shall obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of the Equipment, its property, assets and undertakings or to the conduct of its business(es), in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a material adverse effect;

(vi) *Location.* The Equipment is and shall remain located at the Equipment Location set forth above and the Debtor shall permit Accord, and all those designated by Accord (the "**Designates**") to visit and inspect the Equipment, and the Debtor shall ensure that Accord and the Designates have free and unrestricted access to the Equipment, and that Accord and the Designates will be provided with such information and data relating to the Equipment as Accord and the Designates may reasonably request;

(vii) *Changes.* The Debtor will promptly notify Accord in writing of:

- A. any transfer, authorized or unauthorized, of any interest in, or benefit from, the Equipment;
- B. any change, authorized or unauthorized, in the location of the Equipment; and
- C. any change in the location of the head office of the Debtor;

(viii) *Maintain Equipment.* The Debtor shall maintain and keep the Equipment in good operating condition and repair and in satisfactory condition for its intended uses, and be maintained and used accordance with good business practices and the specifications and recommendations of its manufacturers and suppliers (and shall enter into all maintenance or service agreements as may be necessary to do so) and in compliance with all applicable laws, and the Debtor shall pay all expenses, costs, taxes, fees, charges, and assessments arising in respect of the Equipment and its use, and the Equipment shall be conspicuously marked as required by Accord to reflect Accord's interest therein;

(ix) *Financial Information.* During the continuance of this Agreement, the Debtor shall provide Accord with interim and/or annual financial statements, or such other information respecting its financial condition or operations as Accord may request from time to time;

(x) *Canada Revenue Agency Payments.* The Debtor shall, upon request by Accord, provide Accord with written confirmation that all remittances to the Canada Revenue Agency by the Debtor are up to date with no amounts being in arrears;

(xi) *Notice of Litigation.* The Debtor shall promptly provide Accord with written notice of all litigation and all proceedings before any governmental or regulatory agencies or arbitration authorities affecting it, except those which, if adversely determined, would not have a material adverse effect on its financial condition or business(es);

(a) Negative Covenants:

- (i) **Further Encumbrances.** The Debtor will not place or secure any debt in addition to financing under this Agreement against any of the Equipment, nor will it create, assume or permit to exist any mortgage, charge, hypothec, pledge, lien or other encumbrance or security interest with respect to any of the Equipment, without the prior written consent of Accord;
- (ii) **Provide Loans/Guarantees.** The Debtor shall not make any advances or loans to, or any investment in, or provide any guarantees on behalf of, any corporation, entity, or person;
- (iii) **Transfer.** The Debtor shall not sell, lease, loan, assign, provide the benefit of, or dispose of the Equipment, or any part thereof, to any other person, or replace, alter, upgrade, or modify the Equipment, excepting that the Debtor may replace or upgrade parts of the Equipment in order to comply with its obligations under this Agreement provided that such parts are free and clear of all liens and encumbrances, and the fair market value of the Equipment is thereafter greater than its value prior to such replacement or upgrade. Any proceeds arising from a disposition of Equipment which does not comply with the foregoing sentence shall be held by the Debtor in trust for Accord and immediately due and payable by the Debtor to Accord;
- (iv) **Corporate Structure.** The Debtor shall not amalgamate, consolidate or merge with any other corporation, entity, or person;
- (v) **Capital Structure.** The Debtor shall not redeem any of its redeemable shares, pay dividends in excess of net income, or otherwise change its capital structure or make any form of capital withdrawal;
- (vi) **Partnership.** The Debtor shall not enter into a partnership, joint venture or similar relationship with any other corporation or entity;
- (vii) **Circumvent Security.** At no point in time will the Debtor operate in such a manner so as to divert income to a related or other corporation, entity, or person;
- (viii) **Transactions.** The Debtor shall not pay non market rates for products and/or services to a related corporation, entity, or person;
- (ix) **Change of Name.** The Debtor shall not change its name unless thirty (30) days' prior written notice thereof has been given to Accord;
- (x) **Change of Fiscal Year End.** The Debtor shall not change its fiscal year end;
- (xi) **Fixture.** The Debtor shall not allow the Equipment, or any part thereof, to become a fixture, accession, or leasehold improvement.

**9. Prepayments:** If the Debtor is not in Default, it may on any scheduled installment payment date, discharge the Indebtedness hereunder, provided that:

- (a) The Debtor has irrevocably given Accord at least thirty (30) days written notice of its intent to prepay; and
- (b) The Debtor pays Accord the whole of the Indebtedness then outstanding plus any accrued and unpaid interest thereon at the date of such payment and any of Accord's unamortized expenses, fees, and costs incurred to underwrite this Agreement, plus:
  - (i) if the Prepay Notice is received by Accord any time up to and including the first twelve (12) months of the Agreement, a sum of money equal to twelve (12) months interest at the rate implicit hereunder; or

- (ii) if the Prepay Notice is received by Accord after the first twelve (12) months of the Agreement, a sum of money equal to six (6) months interest at the rate implicit hereunder;
- (iii) if the Prepay Notice is received by Accord at any time after the time periods stipulated in Sections 9 (b)(i) - (ii) above, a sum of money equal to three (3) months interest at the rate implicit hereunder.

**10. Assignment:** This Agreement shall not be assignable by the Debtor. Accord may, without the consent of or notice to the Debtor, assign the benefit of this Agreement to any assignee, and if so assigned, the assignee takes the place of Accord in this Agreement.

**11. Tracking Device:** Accord reserves the right to install any tracking or engine control device and to use same for its benefit to locate, secure, or seize the Equipment. Accord's right to do so is cumulative with all other remedies set out herein and available at law. Accord will not be responsible for any damage or loss of business suffered by the Debtor as a result of such use by Accord of any tracking or engine control device.

**12. Security Deposit:** Accord may apply the Security Deposit as it wishes, at any time, to any amounts due under this Agreement if not paid by the Debtor. The Debtor will not earn any interest on the Security Deposit. Upon termination of this Agreement, the Security Deposit, net of any arrears of payments or other amounts due under this Agreement, will be refunded to the Debtor.

**13. Default:** Each of the following constitutes an event of default under this Agreement (a "Default") without the giving of any notice or the lapse of any time:

- (a) Failure of the Debtor to pay when due any amount payable under this Agreement;
- (b) Failure of the Debtor to comply with any covenants or conditions under this Agreement, or to perform any obligations under this Agreement;
- (c) Failure of the Debtor to duly and punctually pay, or cause to be paid, all Priority Debt when due;
- (d) Any warranty, information, or representation made herein or furnished by or on behalf of the Debtor in connection with this Agreement proves to have been materially incorrect when made or furnished to Accord;
- (e) Any of the following occurs in respect of or is instituted or claimed by or against the Debtor:
  - (i) an event of bankruptcy;
  - (ii) an inability to pay debts;
  - (iii) proceedings in or in respect of bankruptcy, insolvency, receivership, winding-up, liquidation, amalgamation or dissolution; or
  - (iv) an arrangement or compromise with or assignment for the benefit of creditors;
- (f) The Debtor permits any execution, attachment, distress, or writ to be levied against the Equipment;
- (g) The Equipment is damaged or destroyed, unless Accord in its sole determination elects to apply the proceeds of insurance to the replacement of such Equipment;

(h) If the Debtor is an individual and he/she dies or becomes incompetent, or, if the Debtor is other than an individual and it sells any of its assets out of the ordinary course of business (regardless of whether the Equipment is part of such sale), or a direct or indirect change in control of the Debtor occurs (including a change in the Debtor's ultimate beneficial ownership);

(i) The Debtor ceases or threatens to cease its business;

(j) The Debtor pays dividends or other distributions which, in the sole determination of Accord, impair the financial health of the Debtor;

(k) The Debtor removes or permits removal of the Equipment from the Equipment Location, or sells, leases, disposes, or proposes to dispose of the Equipment or any interest therein;

(l) Any lien or encumbrance of any kind whatsoever attaches to the Equipment with priority to or on a *pari passu* basis with this Agreement, or any lien or encumbrance becomes enforceable against the Equipment or any of the Debtor's other assets, regardless of its priority thereto, or any debt of the Debtor becomes accelerated;

(m) Accord has commercially reasonable grounds to believe that the prospect of payment or performance under this Agreement is or is about to be impaired, or that the Equipment is or is about to be placed in jeopardy;

(n) An event of default occurs under any other contract, lease, or agreement as between the Debtor (or any of them, if there is more than one Debtor) and Accord (or any of Accord's related companies, subsidiaries, and affiliates); or

(o) Any guarantor of the Debtor's obligations under this Agreement disputes its obligations under its guarantee, or seeks to terminate its guarantee of the Debtor's future obligations or becomes subject to any of the events set out in Sections 13 (b) - (d), (g), (j) - (k) above.

**14. Cross-Collateral Default:** A Default under this Agreement shall be deemed to trigger a material event of default under any other contract, lease, or agreement as between the Debtor (or any of them, if there is more than one Debtor) and Accord (or any of Accord's related companies, subsidiaries, and affiliates), whether Accord is the original lender/lessor or an assignee), or between the Debtor and any of Accord's related companies and subsidiaries. Accord may elect, in its sole and absolute discretion, to forbear enforcement on any other agreement between the Debtor and Accord, but in so doing, Accord shall not be deemed to waive its rights under this Section 14.

**15. Remedies:** Upon a Default having occurred and at any time thereafter, Accord shall have the following rights and remedies, each of which are cumulative and are in addition to and not in substitution for or a limitation of any rights or remedies provided by law, all of which may be exercised alone or in conjunction with any other of Accord's rights and remedies herein or otherwise at law (provided only that such rights are not inconsistent), and Accord shall not be required to enforce or exhaust any particular remedy, as against any particular Debtor, but may choose to enforce against any one Debtor or all of them:

(a) Accord may, by notice to the Debtor, declare all of the Indebtedness to be immediately due and payable, and Accord may set-off against any amounts owing by it to the Debtor;

(b) Accord may pay off any lien or encumbrance against the Equipment and any amounts incurred by Accord, with costs, shall be borne by the Debtor and form part of the Indebtedness and shall bear interest as set out in Section 17 until paid;

(c) Accord may seize or disable the Equipment wheresoever it is situated, or may sue the Debtor for all the Indebtedness owing under this Agreement, or do both, and any judgment and/or seizure or disposition of the Equipment shall not create any merger of Accord's rights herein;

(d) In the event that Accord has seized or disabled the Equipment, Accord or its agent may:

- (i) without notice to the Debtor repair, or sell, consign, lease, or otherwise dispose of the Equipment by private contract or by private or public auction, and shall have all rights of access to the Equipment necessary in Accord's opinion to effect such disposition and the Debtor authorizes its landlord to provide Accord with such access, and Accord may in its discretion establish such terms of disposition as it deems desirable, including credit, reserve bids, payment terms and price; or
- (ii) elect to retain the Equipment in satisfaction of all or part of the Indebtedness. In the event Accord elects to retain the Equipment in respect of less than all of the Indebtedness, Accord shall advise the Debtor of the part of the Indebtedness the Equipment is retained in respect of, and Accord shall act reasonably in ensuring that the net realizable value of such Equipment equates to the value of such Indebtedness, which may in Accord's sole discretion include relying on the judgment of appraisers, and Accord may thereafter continue to enforce all rights and remedies available to it to recover payment in respect of any part of the Indebtedness which remains unsatisfied;

(e) All costs of repairs and all other costs incurred in connection with the seizure, disabling, holding, and disposition of the Equipment, including fees of its agents and professional advisers (including all legal fees), all allowable and reasonable costs in effecting the collection, whenever and howsoever incurred, and a sum of money equal to three (3) months interest at the rate implicit per annum, and any amounts incurred by Accord shall be borne by the Debtor and form part of the Indebtedness and shall bear interest as set out in Section 17 until paid;

(f) In the event the Equipment is sold, all proceeds of sale shall be applied by Accord in reduction of the Indebtedness in the order Accord, in its sole discretion, determines is appropriate and the Debtor shall continue to be liable for any deficiency;

(g) Accord shall have no liability due to any failure to seize, realize, dispose of, or otherwise deal with the Equipment or any other collateral, or failure to enforce any of its other rights against the Debtor or any other person or for any negligence on its part or the part of its agents, nor shall Accord be bound to institute proceedings against any person for such purposes or for the purpose of preserving its rights in respect of the Equipment;

(h) If Accord or its agents take possession of the Equipment they shall have no liability as a creditor in possession and shall not be accountable for anything other than actual receipts.

(i) The Debtor's liability for the Indebtedness is not subject to the equities between it and Accord and no right of set-off by the Debtor shall apply. Upon the occurrence of a Default, the Debtor hereby irrevocably waives time for the payment of the Indebtedness;



(j) Accord may, in lieu of or in addition to exercising any of its rights and remedies under this section, appoint or retain any person as its agent to exercise such rights and remedies.

**16. Pre-Authorized Payments:** The Debtor authorizes Accord or its assigns to draw regular payments for business purposes (the "PAP" or "PAP's") from its designated bank account (whether it continues to be maintained at the current location or at another branch of the bank, or at another bank) (the "**Designated Account**") to cover all of the required payments, fees, and interest, under this Agreement. Each PAP will be drawn from the Designated Account in the amounts and due dates determined under this Agreement.

**The Debtor specifically waives any pre-notification requirements that apply to any PAP and agrees that written notice will not be provided (1) before the due date of any PAP, (2) of any change to the amount of any PAP, and (3) of any change to the due dates.** Accord will obtain the specific prior authorization of the Debtor for one-time or other sporadic PAP's, the amounts or due dates of which are not identified in this Agreement.

The Debtor warrants that all persons whose signatures are required to sign on the Designated Account have signed this Agreement. The Debtor will immediately notify Accord in writing of any change to the Designated Account, and in any event, no later than ten (10) days post change. Accord is not responsible to notify the Debtor if any PAP is reversed due to non-sufficient funds, funds not cleared, or changes to the Designated Account. In such an event, Accord may re-present the PAP within 30 days of the original due date. The Debtor is responsible for any charges that arise from such a situation and is required to ensure that the necessary payment is made to Accord through an alternative method. The Debtor must contact Accord to arrange for coverage of any missed payment(s).

The Debtor may change or cancel this PAP authorization at any time on thirty (30) days written notice to Accord: Accord Small Business Finance Corp., 305 – 889 Harbourside Drive, North Vancouver, BC, V7P 3S1, (phone: (604) 982-3031; fax: (888) 835-9757; email: customerservice@accordfinancial.net). However, the Debtor hereby acknowledges that PAP's are a CONDITION OF THIS AGREEMENT. Cancelling this PAP authorization without immediately replacing it, will be considered an Event of Default under this Agreement. In the event Accord waives the requirement for PAP's, then the Debtor will pay a service charge for other payment methods. The Debtor acknowledges that the right to cancel this PAP authorization only applies to the method of payment and has no bearing otherwise on the obligations under this Agreement.

**Accord may assign this authorization to any third party to whom it assigns its interest in this Agreement. The Debtor will be notified of the identity and contact information of any such assignee.** The Debtor has certain recourse rights if any PAP does not comply with this Agreement. For example, the Debtor has the right to receive reimbursement for any PAP that is not authorized or is not consistent with this Agreement. To obtain more information on the recourse rights of the Debtor, or the rights of the Debtor to cancel a PAP authorization, or to obtain a sample cancellation form, the Debtor should contact its financial institution or visit [www.cdnpay.ca](http://www.cdnpay.ca).

**17. Overdue Payments:** When a payment or any other amount owing by the Debtor under this Agreement is not paid when due, the Debtor agrees to pay Accord a late fee of \$10.00 for each month or partial month during which such amount is unpaid, plus interest at the rate of 28.8% per annum, calculated and compounded monthly, payable on demand. The Debtor further agrees to pay to Accord a Returned Cheque Charge of \$50.00 plus

GST payable on demand for each dishonoured cheque. All such amounts payable to Accord under this Section 17 shall form part of the Indebtedness.

**18. Charge on Land:** The Debtor hereby charges any lands which it owns or may in the future own during any time when any amount remains outstanding under this Agreement and it authorizes the registration of any and all caveat(s), lien(s), or other encumbrances against any such property. Accord reserves the right to file such registration(s) at any time during this Agreement

**19. Law:** This Agreement is governed by the laws in which the use of the Equipment was originally intended as indicated by the Equipment Location and the parties attorn to the jurisdiction of the courts of such province. Terms not otherwise defined in this Agreement have the meaning ascribed them under the PPSA unless the context is inconsistent with this Agreement. To the maximum extent permitted by law, the Debtor waives its rights and all benefits under any existing or future statute which limits the rights and/or remedies of a secured party and, in particular, agrees that Part 6 of the *Law of Property Act* (Alberta), the *Seizures Act* (Alberta) and the *Limitation of Civil Rights Act* (Saskatchewan), or any amendments or regulations thereof, shall not apply to this Agreement.

**20. Criminal Code:** Notwithstanding any provision in this Agreement to the contrary, in no event will the aggregate "interest" (as defined in section 347 of the *Criminal Code* (Canada)) payable by the Debtor under this Agreement exceed the maximum effective annual rate of interest on the "credit advanced" (as defined in that section 347) permitted under that section and, if any payment, collection or demand pursuant to such loan agreement in respect of "interest" (as defined in that section 347) is determined to be contrary to the provisions of such section 347, such payment, collection or demand will be deemed to have been made by mutual mistake and the amount of such payment or collection will be refunded to the Debtor only to the extent of the amount which is greater than the maximum effective annual rate permitted by such laws. For purposes of determining compliance with such section 347, the effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term of this Agreement and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Accord will be prima facie evidence for the purposes of such determination.

## **21. General:**

(a) **Language.** The parties hereto agree that this Agreement and all documents related thereto be written in the English language (*Les parties en présences conviennent à ce que ce document soit rédigé en anglais*);

(b) **Notices.** Any notices required under this Agreement shall be sufficient if given in writing and delivered in person or by courier to the addresses noted above, by mail, or by email, or such further address as updated by either party from time to time upon notice to the other. Any such notice shall be deemed to have been duly given upon delivery if delivered in person, or by courier, or if given by email, only upon receipt of email confirmation from the recipient that the email has been received, or if by mail, on the fifth day after posting;

(c) **Interpretation.** Whenever the context of this Agreement so requires, the singular number shall include the plural and vice versa, and words importing gender shall include all genders. Headings are inserted for convenience of reference only and shall not affect interpretation;

(d) Waiver/Default. Waiver by Accord of any default by the Debtor, or the failure by Accord to exercise any option or right shall not constitute a continuing waiver or relinquishment of such or any default, option, or right, and Accord shall have the right to insist upon strict performance by the Debtor of any and all of the terms and provisions of this Agreement;

(e) Waiver/Remedies. Any single or partial exercise by Accord of any right or remedy for a default or breach of any term, covenant, condition or agreement herein contained shall not be deemed to be a waiver of or to alter, affect, or prejudice any other right or remedy or other rights or remedies to which Accord may be lawfully entitled for the same default or breach;

(f) Severability. The Debtor acknowledges that the provisions of this Agreement are commercially reasonable. Should any provision of this Agreement be or become illegal, invalid or not enforceable, it will be considered separate and severable from this Agreement and the remaining provisions will remain in force and be binding upon the parties hereto and be enforceable to the fullest extent of the law;

(g) Enurement. This Agreement shall enure to the benefit of Accord and its successors and assigns and shall bind Debtor and its successors;

(h) Entire Agreement. This Agreement shall constitute the entire agreement between the parties on its subject matter and the phrase "this Agreement" means this Agreement, as amended in writing from time to time, and all schedules hereto, such schedules being incorporated into and forming part of this Agreement;

(i) Further Assurances. The Debtor will immediately at the request of Accord, execute and deliver to Accord any further assurances, documents, and instruments, obtain any consents, and do any other things as Accord may reasonably require to accomplish the purposes of this Agreement, or to make any filing or registration to perfect or protect Accord's interest in the Equipment;

(j) Survival. Subject to the terms and conditions of this Agreement, all obligations of the Debtor, and the rights and remedies of Accord, including all indemnities of Accord by the Lessee, shall survive the termination of this Agreement and the receipt of all amounts due and owing by the Debtor to Accord;

(k) Time of the Essence. Time shall be of the essence of this Agreement and shall continue to be of the essence;

(l) Electronic Communication. The parties may exchange information or communicate regarding the Agreement using email or other formats of electronic communication. The parties agree and acknowledge that there are risks associated when using email and other electronic communication, and specifically that information may be accessed by third parties as a result. The parties hold each other harmless in the event that information in emails or other electronic communication is inadvertently disclosed to or otherwise assessed by third parties. The parties authorize and permit each other to communicate regarding any matters related to the Agreement using email at any email addresses provided to each other, notwithstanding that such email addresses may be used by third parties during the Agreement. Any information exchanged by email or other electronic communication will not vary, modify, amend, or change the terms or conditions of the Agreement, or any other agreements between the parties.

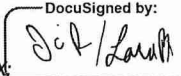
(m) Counterparts. This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement.

(n) Acknowledgment. The Debtor acknowledges that this Agreement is a valid and legally binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms (subject only to applicable laws affecting creditors generally and to general principles of equity), and further acknowledges receipt of a copy of this Agreement.

(o) Electronic Signatures. If electronic signatures are used with respect to this Agreement, any addendums, security documents, or any certificates, reports, statements, information, data, documents or instruments delivered pursuant to or in connection with the Indebtedness, the Debtor acknowledges and agrees that the application of the Debtor's electronic signature is the legal equivalent of the Debtor's manual signature and shall be deemed to be equivalent to an original signature for all purposes and that the Debtor is legally bound by the terms and conditions of this Agreement. In signing this Agreement and by initialing this provision, the Debtor consents to the use of electronic signatures.

| INITIALS   |            |
|------------|------------|
| Debtor [1] | Debtor [2] |
| Debtor [4] | Debtor [4] |

The undersigned Debtor(s) have read, understand, and accept this Agreement, including the attached Terms and Conditions, Schedules, and Letter of Direction, and hereby affirm that they are authorized to execute this Agreement.

DocuSigned by:  
  
 02FEA4E7F6374DD  
 Copperline Excavating Ltd

X: \_\_\_\_\_

X: \_\_\_\_\_

X: \_\_\_\_\_





305-889 Harbourside Dr., North Vancouver, BC V7P 3S1  
 Telephone: (604) 982-3010 Toll Free Fax: 1-888-835-9757  
 CustomerService@AccordFinancial.net

## LETTER OF DIRECTION

**DATE:** April 4, 2019

**TO:** Accord Small Business Finance Corp. ("Accord")

**RE:** Loan and Security Agreement No. 106692 (the "Agreement") between Accord and **Copperline Excavating Ltd** (the "Debtor")

We authorize and instruct Accord to disburse the total proceeds of **\$53,100.00** from the above-mentioned Agreement as follows:

Total Loan Proceeds:

| <u>Amount</u>           | <u>Payees</u>                    |
|-------------------------|----------------------------------|
| <b>\$53,100.00</b>      | <b>Copperline Excavating Ltd</b> |
| <b>\$0.00</b>           |                                  |
| <b>\$0.00</b>           |                                  |
| <b>\$0.00</b>           |                                  |
|                         |                                  |
| <b>Total Proceeds</b>   | <b>\$53,100.00</b>               |
| <b>Capitalized Fees</b> | <b>\$1,272.00</b>                |
| <b>Principal Sum</b>    | <b>\$54,372.00</b>               |

Disbursement by Accord in accordance with the foregoing instructions shall be and constitute payment and delivery to and receipt by Debtor of any and all such proceeds.

**THE UNDERSIGNED AFFIRMS THAT HE/SHE IS DULY AUTHORIZED TO EXECUTE THIS AGREEMENT**

|                                              |                                                |
|----------------------------------------------|------------------------------------------------|
| Debtor (1): <b>Copperline Excavating Ltd</b> | Signature for Debtor (1)<br><i>[Signature]</i> |
| Debtor (2):                                  | Signature for Debtor (2)                       |
| Debtor (3):                                  | Signature for Debtor (3)                       |
| Debtor (4):                                  | Signature for Debtor (4)                       |

**Agreement No: 106692**

## Certificate Of Completion

Envelope Id: FEF4826C4A2F4F5190B166501F1AF84D

Status: Completed

Subject: Please DocuSign: 106692

Source Envelope:

Document Pages: 8

Signatures: 5

Envelope Originator:

Certificate Pages: 5

Initials: 1

James Jang

AutoNav: Enabled

305-889 HARBOURSIDE DR

Envelopeld Stamping: Enabled

NORTH VANCOUVER, BC V7P 3S1

Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Jjang@accordfinancial.net

IP Address: 216.210.104.226

## Record Tracking

Status: Original

Holder: James Jang

Location: DocuSign

April 4, 2019 | 11:45

Jjang@accordfinancial.net

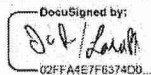
## Signer Events

Jamie Black

jamie.black@copperlineexcavating.ca

Security Level: Email, Account Authentication  
(Optional)

## Signature

DocuSigned by:  
  
02FFA4E7F6374D0...

Signature Adoption: Drawn on Device

Using IP Address: 207.228.78.247

Signed using mobile

## Timestamp

Sent: April 4, 2019 | 11:45

Viewed: April 4, 2019 | 12:01

Signed: April 4, 2019 | 12:01

## Electronic Record and Signature Disclosure:

Accepted: April 4, 2019 | 12:01

ID: ed4a58a3-f24d-413a-9a92-e61436a02904

Company Name: Accord Small Business Finance Corp.

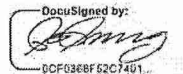
James Jang

jjang@accordfinancial.net

President

Accord Small Business Finance Corp.

Security Level: Email, Account Authentication  
(Optional)

DocuSigned by:  
  
0CF036BF62C74U1...

Signature Adoption: Drawn on Device

Using IP Address: 216.210.104.226

Sent: April 4, 2019 | 12:01

Viewed: April 5, 2019 | 12:51

Signed: April 5, 2019 | 12:51

## Electronic Record and Signature Disclosure:

Accepted: April 5, 2019 | 11:24

ID: 39cddc86-8b17-4a1e-bbd8-5cdf04aaab5a

Company Name: Accord Small Business Finance Corp.

## In Person Signer Events

## Signature

## Timestamp

## Editor Delivery Events

## Status

## Timestamp

## Agent Delivery Events

## Status

## Timestamp

## Intermediary Delivery Events

## Status

## Timestamp

## Certified Delivery Events

## Status

## Timestamp

## Carbon Copy Events

## Status

## Timestamp

## Notary Events

## Signature

## Timestamp

## Envelope Summary Events

## Status

## Timestamps

Envelope Sent

Hashed/Encrypted

April 4, 2019 | 12:01

Certified Delivered

Security Checked

April 5, 2019 | 12:51

| Envelope Summary Events                    | Status           | Timestamps            |
|--------------------------------------------|------------------|-----------------------|
| Signing Complete                           | Security Checked | April 5, 2019   12:51 |
| Completed                                  | Security Checked | April 5, 2019   12:51 |
| Payment Events                             | Status           | Timestamps            |
| Electronic Record and Signature Disclosure |                  |                       |

## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

From time to time, Accord Small Business Finance Corp. (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

### **Getting paper copies**

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$1.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

### **Withdrawing your consent**

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

### **Consequences of changing your mind**

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

### **All notices and disclosures will be sent to you electronically**

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

**How to contact Accord Small Business Finance Corp.:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by phone call: (604) 982-3010

To contact us by email send messages to: [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net)

To contact us by paper mail, please send correspondence to:

Accord Small Business Finance Corp / Accord Small Business Leasing Corp.

305-889 HARBOURSIDE DR

NORTH VANCOUVER, British Columbia, V7P 3S1

**To advise Accord Small Business Finance Corp. of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

**To request paper copies from Accord Small Business Finance Corp.**

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to [CustomerService@accordfinancial.net](mailto:CustomerService@accordfinancial.net) and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.



**To withdraw your consent with Accord Small Business Finance Corp.**

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

**Required hardware and software**

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

**Acknowledging your access and consent to receive and sign documents electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Accord Small Business Finance Corp. as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Accord Small Business Finance Corp. during the course of your relationship with Accord Small Business Finance Corp..





305-889 Harbourside Drive, North Vancouver, BC V7P 3S1  
Telephone: (604) 982-3010 | Toll Free Fax: 1-888-835-9757  
CustomerService@AccordFinancial.net

**THIS LOAN AND SECURITY AGREEMENT**, its Terms and Conditions, and any schedules, attachments, or amendments hereto (collectively, this "**Agreement**") made this 4 day of April, 2019 between **Accord Small Business Finance Corp. ("Accord")** AND **Copperline Excavating Ltd** (individually and collectively, the "**Debtor**") of BOX 3006, 375 SASKATCHEWAN AVE, SPRUCE GROVE, ALBERTA T7X 3A1 with telephone 780-968-3805, and email address

**IN CONSIDERATION** of the sum of Sixty-One Thousand Seven Hundred Sixteen And 00/100 Dollars (\$61,716.00) of lawful money of Canada paid by Accord to the Debtor and other value received, the receipt of which is hereby acknowledged, the Debtor agrees to repay all amounts of principal and interest, and all other amounts owing by the Debtor to Accord in accordance with the terms and conditions of this Agreement (collectively, the "**Indebtedness**"), and as general and continuing security for the payment of the Indebtedness, and the performance of all obligations of the Debtor to Accord under this Agreement, the Debtor hereby assigns and grants to and in favour of Accord, its successors and assigns, as a fixed and specific charge, lien and encumbrance on, and security interest in the equipment described in the attached Equipment Schedule, together with all additions, upgrades, components, replacements, accessions and equipment now or hereafter attached to or forming part of, and including all proceeds therefrom (including any proceeds of insurance) and substitutions therefore, and all rights, licenses (including software licences), information, records, service or maintenance agreements, guarantees and warranties in respect of or related to such equipment (collectively, the "**Equipment**"), such security interest being a purchase-money security interest to the extent it satisfies the criteria set out in the *Personal Property Security Act* ("**PPSA**"), to have and to hold the Equipment unto Accord forever, provided only that if the Debtor discharges the Indebtedness in full, Accord shall release its interest in the Equipment.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                    |                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Equipment Schedule</b><br>2014 John Deere 85G Hydraulic Excavator - S/N: 1FF085GXEEJ017415                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                    |                                                                                                                                                                                                                                                                            |
| <b>Equipment Location:</b> same as above                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                    |                                                                                                                                                                                                                                                                            |
| FOR VALUE RECEIVED, each individual Debtor jointly and severally and unconditionally promises to pay, to or to the order of Accord, at Accord's office at Suite 305 – 889 Harbourside Drive, North Vancouver, BC, V7P 3S1, the principal amount of Sixty-One Thousand Seven Hundred Sixteen And 00/100 Dollars (\$61,716.00) (the " <b>Principal</b> ") together with interest calculated and compounded monthly at the rate of 14.25% per annum, in 42 blended instalments in the amounts and on such dates as set out on the face of this Agreement or any attached payment schedule, and where a period of time is shown on such schedule, then on the same day in each month during the period until payment has been made of all outstanding Principal and accrued interest hereunder, after as well as before maturity and both before and after default and/or judgment, with interest on any overdue payments at the rate of 28.8% per annum, calculated and compounded monthly (See Section 17). Such instalments will be applied first to accrued and unpaid interest and then to unpaid Principal.<br><br>All the Indebtedness, including all accrued and unpaid interest, shall become accelerated and immediately due and payable upon:<br>(i) any failure of the Debtor to pay the Principal or interest when due in accordance with the terms of this Agreement, or<br>(ii) on the occurrence of any " <b>Default</b> " (as defined below), all without presentment, demand, protest, notice of dishonour, or any other demand or notice whatsoever, all of which are expressly waived by the Debtor. | <b>LOAN STATEMENT</b>              |                                                                                                                                                                                                                                                                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>\$60,300.00</b>                 | <b>Amount Advanced</b>                                                                                                                                                                                                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>\$1,416.00</b>                  | <b>+ Capitalized Fees</b>                                                                                                                                                                                                                                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>\$61,716.00</b>                 | <b>= Principal Sum</b>                                                                                                                                                                                                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>\$0.00</b>                      | <b>Reg. &amp; Doc. Fees</b>                                                                                                                                                                                                                                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>MONTHLY PAYMENT SCHEDULE</b>    |                                                                                                                                                                                                                                                                            |
| <b>#</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Payment</b>                     | <b>Commencing</b>                                                                                                                                                                                                                                                          |
| 8                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$2,224.88                         | May 7, 2019                                                                                                                                                                                                                                                                |
| 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$585.77                           | Jan 7, 2020                                                                                                                                                                                                                                                                |
| 9                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$2,224.88                         | Apr 7, 2020                                                                                                                                                                                                                                                                |
| 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$585.77                           | Jan 7, 2021                                                                                                                                                                                                                                                                |
| 9                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$2,224.88                         | Apr 7, 2021                                                                                                                                                                                                                                                                |
| 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$585.77                           | Jan 7, 2022                                                                                                                                                                                                                                                                |
| 7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$2,224.88                         | Apr 7, 2022                                                                                                                                                                                                                                                                |
| <b>\$ 2,224.88</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                    | <b>Security Deposit</b>                                                                                                                                                                                                                                                    |
| <b>PRE-AUTHORIZED PAYMENT PLAN</b> (see Section 16): Debtor hereby authorizes Accord to periodically draw from the Bank Account (the " <b>Account</b> ") noted on the attached void cheque the periodic payment amount and other amounts due hereunder.<br>DocuSigned by:<br>(1) Authorized Cheque Signatory / Name / Title: <u>Doc / Lark</u><br>02FFA4E7F6374D0...<br>(2) Authorized Cheque Signatory / Name / Title: _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                    |                                                                                                                                                                                                                                                                            |
| This Agreement is only effective upon execution by an authorized officer of Accord Small Business Finance Corp. following the Debtor's execution hereof.<br><br><b>Accord Small Business Finance Corp.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                    | The undersigned Debtor(s) have read, understand, and accept this Agreement, including the attached Terms and Conditions, Schedules, and Letter of Direction, and hereby affirm that they are authorized to execute this Agreement.<br><br><b>Copperline Excavating Ltd</b> |
| Authorized Signature:<br><br>0CF0368F52C7401...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                    | Debtor (1): <b>Copperline Excavating Ltd</b><br>Signature for Debtor (1)<br><br>Signature for Debtor (2)<br>02FFA4E7F6374D0...                                                                                                                                             |
| <b>Agreement No: 106693</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Date: April 5, 2019   12:50:59 PDT | Debtor (2):<br>Debtor (3):<br>Debtor (4):                                                                                                                                                                                                                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                    | Signature for Debtor (3)<br>Signature for Debtor (4)                                                                                                                                                                                                                       |

**Terms and Conditions**

|                      |               |
|----------------------|---------------|
| <b>Agreement No:</b> | <b>106693</b> |
|----------------------|---------------|

**1. Attachment:** The Debtor acknowledges that value has been given and that Accord's security interest in the Equipment attaches upon the execution of this Agreement, or if the Debtor has no interest in the Equipment, or in any part of the Equipment, upon execution than at the same time the Debtor acquires an interest in the Equipment.

**2. Credit Investigation & Consent to Information Sharing:** The Debtor hereby authorizes Accord, its agents, affiliates, subsidiaries, and third-party service providers, at any time whether it be before, during, or after the completion of this Agreement, to conduct financial and credit investigations of the Debtor, its individual principals, shareholders, guarantors, and/or persons otherwise connected with this Agreement, and to collect, use, share, and disclose personal and business information about such parties for the purposes of approval, maintenance, statistical analysis, and enforcement (the "Information"), from any source to which Accord may apply and each source is hereby authorized to provide the Information to the Accord. Sources of the Information may include, but are not limited to, credit reporting agencies, credit bureaus, creditors, credit grantors, or any banking or other financial institution. Accord may further collect, use, and disclose the Debtor's Social Insurance Number or other personal identifier to verify and report credit information to credit bureaus or credit reporting agencies as well as to confirm identities. The Debtor understands and consents to the Information being held on file by Accord as per Accord's official Privacy Policy, which is available upon request.

**3. Indemnification:** The Debtor hereby agrees to indemnify and save Accord and its affiliates, subsidiaries, officers, directors, agents, and servants, harmless from and against any and all actions, claims, liens, costs, damages, disbursements, expenses (including legal expenses), liabilities, taxes, charges, fees, or any losses whatsoever suffered or incurred by Accord, due to the Debtor's ownership, use, or possession of the Equipment, any breach by the Debtor of any provision under this Agreement, or any exercise by Accord of enforcing its rights or remedies under this Agreement.

**4. Joint And Several Liability:** EACH DEBTOR (if there is more than one Debtor) acknowledges and agrees that liability for all obligations under this agreement is joint and several (and in the Province of Quebec, solidarily).

**5. Insurance:** The Debtor shall obtain and maintain for the term of this Agreement, at its own expense, insurance for all risks of physical loss or damage to the Equipment and to persons associated with the Equipment, including without limitation, theft, collision, personal injury or death, liability and damage to the property of others, and such other risks of loss as are customarily covered by insurance on like equipment and maintained by prudent operators of businesses similar to that in which the Debtor is engaged, in such amounts, in such form, on such terms, and with such insurers as shall be satisfactory to Accord, including insurance for damage or destruction to the Equipment in a sum not less than the greater of the amount secured by this Agreement and the replacement cost of the Equipment. Accord may, if the Debtor's insurance is inadequate, require that insurance on the Equipment be improved, changed, or amended to comply with this Agreement.

Each insurance policy will designate Accord as a first loss payee and specify that the proceeds of insurance generated in the event of any damage to or loss of the Equipment (the "Proceeds") shall be allocable exclusively to the Equipment and payable solely to Accord, and segregated

from proceeds generated by any damage to or loss of other insured property and/or persons, and any refund of premium is hereby assigned to Accord. Each insurance policy shall also contain a clause requiring the insurer to give at least thirty (30) days written notice of any alteration to the terms of such policy, and its cancellation. All insurance policies and renewal certificates shall be provided to Accord upon request. The Debtor shall provide Accord with prompt notice of any damage to or loss of any part of the Equipment.

If the Debtor fails to maintain insurance, or otherwise fails to provide a certificate of insurance to Accord, the Debtor agrees that Accord shall be entitled, but not obliged, to obtain the required insurance, and the Debtor shall cooperate with Accord's insurer in connection with the placement of such insurance and the processing of any claims. Nothing herein shall be deemed to obligate or Accord to act as an insurer, or to secure, maintain in force, or renew any insurance, in any amounts, or upon any specific terms and conditions, and Accord reserves the right to terminate any such insurance coverage which Accord may arrange, or allow same to lapse, without liability to Debtor. Any amounts incurred by Accord shall be borne by the Debtor and form part of the Indebtedness and be payable as set out in Section 17 of this Agreement.

**6. Performance and Reimbursement:** The Debtor agrees that Accord shall be entitled, but not obliged, to perform any of obligations of the Debtor under this Agreement should the Debtor fail to do so.

Any and all payments, charges, costs, fees, expenses, damages, or liabilities suffered or incurred by Accord due to the non-performance by the Debtor of its obligations under this Agreement shall be borne by the Debtor and all such amounts paid by Accord shall be immediately due and payable by the Debtor and form part of the Indebtedness, and shall bear interest at the implicit rate per annum then applicable to amounts due under this Agreement, calculated and compounded monthly, until paid, and shall be secured by this Agreement.

**7. Representations & Warranties:** The Debtor represents and warrants to Accord (such representations and warranties shall survive termination of this Agreement), and acknowledges Accord's reliance thereon in entering into this Agreement, that:

(a) All information, data and reports (financial or otherwise) furnished by or on behalf of the Debtor to induce Accord to enter into this Agreement were true, accurate and complete in all material respects at the time that they were furnished to Accord, and contains no untrue statement of fact and does not omit to state a material fact, the omission of which would cause such information to be misleading;

(b) There are no facts directly relating to the Debtor, not disclosed herein or otherwise disclosed to Accord which, if known to Accord, might reasonably be expected to deter Accord from completing the transaction contemplated in this Agreement;

(c) The Debtor is a corporation duly incorporated and organized, and validly existing under the laws applicable to it;

(d) The Debtor has and will continue to have the power, capacity, legal right, and authority to execute, deliver and perform this Agreement, and to own its property and carry on its business;

(e) This Agreement and its execution, delivery and performance has been duly authorized by all necessary corporate action and does not and will not contravene or conflict with the Debtor's constating documents, by-laws, resolutions, or shareholders agreements, any agreement by which Debtor may be bound, or any provision of any applicable law, regulation, court order or ruling of any judicial or quasi-judicial body;

(f) There are no actions, suits or proceedings pending or, to the knowledge of the Debtor, threatened, at law or in equity or before any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any court or arbitrator of any kind, which involve a reasonable possibility of any material adverse change in the financial condition of the Debtor and, to the best knowledge of the Debtor, the Debtor is not in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court, arbitrator or federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign;

(g) The Debtor has good and marketable title to the Equipment, free from all encumbrances beyond those approved in writing by Accord;

(h) There has been no assignment, sale, transfer, conveyance, mortgage, charge, pledge or hypothecation, absolute or contingent, direct or indirect, of the whole or any part of the Debtor's rights, title, and interest in any of the Equipment;

(i) The Equipment Schedule forming part of this Agreement is complete and accurately describes the Equipment, and the Equipment:

- (i) was not acquired as consumer goods, and shall not be used as consumer goods;
- (ii) is in good operating condition and repair and in satisfactory condition for its intended uses;
- (iii) is located at the Equipment Location set forth above;

**8. Covenants:** The Debtor covenants and agrees with Accord that:

(a) Positive Covenants:

- (i) *Priority Debt:* The Debtor shall duly and punctually pay, or cause to be paid, all Priority Debt (as defined below) when due, and will forthwith provide Accord with notification of outstanding amounts owing by the Debtor in relation to any Priority Debt. "**Priority Debt**" means debt owing by the Debtor with respect to federal, provincial, or municipal taxation authorities, which includes but is not limited to, property taxes, GST/HST, source deductions, income tax, employee deductions, employer health tax, and workers compensation contributions, and further includes any statutory claims under the *Wage Earner Protection Program Act, SC 2005, c. 47, s. 1*, statutory liens, charges, encumbrances, or claims against the assets of the Borrower, including but not limited to, liens under the *Forest Act [RSBC 1996] c. 157*, Repairmen's Liens, Garage Keeper's Liens, Mechanic Liens, Woodsman's Liens, and Builders Liens, and all such jurisdictional equivalents;
- (ii) *Perform Obligations.* The Debtor shall fully observe and perform its obligations under this Agreement, including, without limitation, duly and punctually making all payments, and paying any and all amounts payable by the Debtor to Accord, when due;
- (iii) *Corporate Existence.* The Debtor shall maintain in good standing its corporate existence under the laws of its jurisdiction

of incorporation and qualify and remain duly qualified to do business and own property in each jurisdiction in which such qualification is necessary in view of its business and operations;

(iv) *Compliance with the Law.* The Debtor shall comply, in all respects, with all applicable laws, ordinances, rules, regulations and orders pertaining to the Debtor and applicable to the Equipment, and any of its property, assets, and undertakings;

(v) *Obtain/Maintain Licenses.* The Debtor shall obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of the Equipment, its property, assets and undertakings or to the conduct of its business(es), in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a material adverse effect;

(vi) *Location.* The Equipment is and shall remain located at the Equipment Location set forth above and the Debtor shall permit Accord, and all those designated by Accord (the "**Designates**") to visit and inspect the Equipment, and the Debtor shall ensure that Accord and the Designates have free and unrestricted access to the Equipment, and that Accord and the Designates will be provided with such information and data relating to the Equipment as Accord and the Designates may reasonably request;

(vii) *Changes.* The Debtor will promptly notify Accord in writing of:

- A. any transfer, authorized or unauthorized, of any interest in, or benefit from, the Equipment;
- B. any change, authorized or unauthorized, in the location of the Equipment; and
- C. any change in the location of the head office of the Debtor;

(viii) *Maintain Equipment.* The Debtor shall maintain and keep the Equipment in good operating condition and repair and in satisfactory condition for its intended uses, and be maintained and used accordance with good business practices and the specifications and recommendations of its manufacturers and suppliers (and shall enter into all maintenance or service agreements as may be necessary to do so) and in compliance with all applicable laws, and the Debtor shall pay all expenses, costs, taxes, fees, charges, and assessments arising in respect of the Equipment and its use, and the Equipment shall be conspicuously marked as required by Accord to reflect Accord's interest therein;

(ix) *Financial Information.* During the continuance of this Agreement, the Debtor shall provide Accord with interim and/or annual financial statements, or such other information respecting its financial condition or operations as Accord may request from time to time;

(x) *Canada Revenue Agency Payments.* The Debtor shall, upon request by Accord, provide Accord with written confirmation that all remittances to the Canada Revenue Agency by the Debtor are up to date with no amounts being in arrears;

(xi) *Notice of Litigation.* The Debtor shall promptly provide Accord with written notice of all litigation and all proceedings before any governmental or regulatory agencies or arbitration authorities affecting it, except those which, if adversely determined, would not have a material adverse effect on its financial condition or business(es);

(a) Negative Covenants:



- (i) **Further Encumbrances.** The Debtor will not place or secure any debt in addition to financing under this Agreement against any of the Equipment, nor will it create, assume or permit to exist any mortgage, charge, hypothec, pledge, lien or other encumbrance or security interest with respect to any of the Equipment, without the prior written consent of Accord;
- (ii) **Provide Loans/Guarantees.** The Debtor shall not make any advances or loans to, or any investment in, or provide any guarantees on behalf of, any corporation, entity, or person;
- (iii) **Transfer.** The Debtor shall not sell, lease, loan, assign, provide the benefit of, or dispose of the Equipment, or any part thereof, to any other person, or replace, alter, upgrade, or modify the Equipment, excepting that the Debtor may replace or upgrade parts of the Equipment in order to comply with its obligations under this Agreement provided that such parts are free and clear of all liens and encumbrances, and the fair market value of the Equipment is thereafter greater than its value prior to such replacement or upgrade. Any proceeds arising from a disposition of Equipment which does not comply with the foregoing sentence shall be held by the Debtor in trust for Accord and immediately due and payable by the Debtor to Accord;
- (iv) **Corporate Structure.** The Debtor shall not amalgamate, consolidate or merge with any other corporation, entity, or person;
- (v) **Capital Structure.** The Debtor shall not redeem any of its redeemable shares, pay dividends in excess of net income, or otherwise change its capital structure or make any form of capital withdrawal;
- (vi) **Partnership.** The Debtor shall not enter into a partnership, joint venture or similar relationship with any other corporation or entity;
- (vii) **Circumvent Security.** At no point in time will the Debtor operate in such a manner so as to divert income to a related or other corporation, entity, or person;
- (viii) **Transactions.** The Debtor shall not pay non market rates for products and/or services to a related corporation, entity, or person;
- (ix) **Change of Name.** The Debtor shall not change its name unless thirty (30) days' prior written notice thereof has been given to Accord;
- (x) **Change of Fiscal Year End.** The Debtor shall not change its fiscal year end;
- (xi) **Fixture.** The Debtor shall not allow the Equipment, or any part thereof, to become a fixture, accession, or leasehold improvement.

**9. Prepayments:** If the Debtor is not in Default, it may on any scheduled installment payment date, discharge the Indebtedness hereunder, provided that:

- (a) The Debtor has irrevocably given Accord at least thirty (30) days written notice of its intent to prepay; and
- (b) The Debtor pays Accord the whole of the Indebtedness then outstanding plus any accrued and unpaid interest thereon at the date of such payment and any of Accord's unamortized expenses, fees, and costs incurred to underwrite this Agreement, plus:
  - (i) if the Prepay Notice is received by Accord any time up to and including the first twelve (12) months of the Agreement, a sum of money equal to twelve (12) months interest at the rate implicit hereunder; or

- (ii) if the Prepay Notice is received by Accord after the first twelve (12) months of the Agreement, a sum of money equal to six (6) months interest at the rate implicit hereunder;
- (iii) if the Prepay Notice is received by Accord at any time after the time periods stipulated in Sections 9 (b)(i) - (ii) above, a sum of money equal to three (3) months interest at the rate implicit hereunder.

**10. Assignment:** This Agreement shall not be assignable by the Debtor. Accord may, without the consent of or notice to the Debtor, assign the benefit of this Agreement to any assignee, and if so assigned, the assignee takes the place of Accord in this Agreement.

**11. Tracking Device:** Accord reserves the right to install any tracking or engine control device and to use same for its benefit to locate, secure, or seize the Equipment. Accord's right to do so is cumulative with all other remedies set out herein and available at law. Accord will not be responsible for any damage or loss of business suffered by the Debtor as a result of such use by Accord of any tracking or engine control device.

**12. Security Deposit:** Accord may apply the Security Deposit as it wishes, at any time, to any amounts due under this Agreement if not paid by the Debtor. The Debtor will not earn any interest on the Security Deposit. Upon termination of this Agreement, the Security Deposit, net of any arrears of payments or other amounts due under this Agreement, will be refunded to the Debtor.

**13. Default:** Each of the following constitutes an event of default under this Agreement (a "Default") without the giving of any notice or the lapse of any time:

- (a) Failure of the Debtor to pay when due any amount payable under this Agreement;
- (b) Failure of the Debtor to comply with any covenants or conditions under this Agreement, or to perform any obligations under this Agreement;
- (c) Failure of the Debtor to duly and punctually pay, or cause to be paid, all Priority Debt when due;
- (d) Any warranty, information, or representation made herein or furnished by or on behalf of the Debtor in connection with this Agreement proves to have been materially incorrect when made or furnished to Accord;
- (e) Any of the following occurs in respect of or is instituted or claimed by or against the Debtor:
  - (i) an event of bankruptcy;
  - (ii) an inability to pay debts;
  - (iii) proceedings in or in respect of bankruptcy, insolvency, receivership, winding-up, liquidation, amalgamation or dissolution; or
  - (iv) an arrangement or compromise with or assignment for the benefit of creditors;
- (f) The Debtor permits any execution, attachment, distress, or writ to be levied against the Equipment;
- (g) The Equipment is damaged or destroyed, unless Accord in its sole determination elects to apply the proceeds of insurance to the replacement of such Equipment;

(h) If the Debtor is an individual and he/she dies or becomes incompetent, or, if the Debtor is other than an individual and it sells any of its assets out of the ordinary course of business (regardless of whether the Equipment is part of such sale), or a direct or indirect change in control of the Debtor occurs (including a change in the Debtor's ultimate beneficial ownership);

(i) The Debtor ceases or threatens to cease its business;

(j) The Debtor pays dividends or other distributions which, in the sole determination of Accord, impair the financial health of the Debtor;

(k) The Debtor removes or permits removal of the Equipment from the Equipment Location, or sells, leases, disposes, or proposes to dispose of the Equipment or any interest therein;

(l) Any lien or encumbrance of any kind whatsoever attaches to the Equipment with priority to or on a *pari passu* basis with this Agreement, or any lien or encumbrance becomes enforceable against the Equipment or any of the Debtor's other assets, regardless of its priority thereto, or any debt of the Debtor becomes accelerated;

(m) Accord has commercially reasonable grounds to believe that the prospect of payment or performance under this Agreement is or is about to be impaired, or that the Equipment is or is about to be placed in jeopardy;

(n) An event of default occurs under any other contract, lease, or agreement as between the Debtor (or any of them, if there is more than one Debtor) and Accord (or any of Accord's related companies, subsidiaries, and affiliates); or

(o) Any guarantor of the Debtor's obligations under this Agreement disputes its obligations under its guarantee, or seeks to terminate its guarantee of the Debtor's future obligations or becomes subject to any of the events set out in Sections 13 (b) - (d), (g), (j) - (k) above.

**14. Cross-Collateral Default:** A Default under this Agreement shall be deemed to trigger a material event of default under any other contract, lease, or agreement as between the Debtor (or any of them, if there is more than one Debtor) and Accord (or any of Accord's related companies, subsidiaries, and affiliates), whether Accord is the original lender/lessor or an assignee), or between the Debtor and any of Accord's related companies and subsidiaries. Accord may elect, in its sole and absolute discretion, to forbear enforcement on any other agreement between the Debtor and Accord, but in so doing, Accord shall not be deemed to waive its rights under this Section 14.

**15. Remedies:** Upon a Default having occurred and at any time thereafter, Accord shall have the following rights and remedies, each of which are cumulative and are in addition to and not in substitution for or a limitation of any rights or remedies provided by law, all of which may be exercised alone or in conjunction with any other of Accord's rights and remedies herein or otherwise at law (provided only that such rights are not inconsistent), and Accord shall not be required to enforce or exhaust any particular remedy, as against any particular Debtor, but may choose to enforce against any one Debtor or all of them:

(a) Accord may, by notice to the Debtor, declare all of the Indebtedness to be immediately due and payable, and Accord may set-off against any amounts owing by it to the Debtor;

(b) Accord may pay off any lien or encumbrance against the Equipment and any amounts incurred by Accord, with costs, shall be borne by the Debtor and form part of the Indebtedness and shall bear interest as set out in Section 17 until paid;

(c) Accord may seize or disable the Equipment wheresoever it is situated, or may sue the Debtor for all the Indebtedness owing under this Agreement, or do both, and any judgment and/or seizure or disposition of the Equipment shall not create any merger of Accord's rights herein;

(d) In the event that Accord has seized or disabled the Equipment, Accord or its agent may:

(i) without notice to the Debtor repair, or sell, consign, lease, or otherwise dispose of the Equipment by private contract or by private or public auction, and shall have all rights of access to the Equipment necessary in Accord's opinion to effect such disposition and the Debtor authorizes its landlord to provide Accord with such access, and Accord may in its discretion establish such terms of disposition as it deems desirable, including credit, reserve bids, payment terms and price; or

(ii) elect to retain the Equipment in satisfaction of all or part of the Indebtedness. In the event Accord elects to retain the Equipment in respect of less than all of the Indebtedness, Accord shall advise the Debtor of the part of the Indebtedness the Equipment is retained in respect of, and Accord shall act reasonably in ensuring that the net realizable value of such Equipment equates to the value of such Indebtedness, which may in Accord's sole discretion include relying on the judgment of appraisers, and Accord may thereafter continue to enforce all rights and remedies available to it to recover payment in respect of any part of the Indebtedness which remains unsatisfied;

(e) All costs of repairs and all other costs incurred in connection with the seizure, disabling, holding, and disposition of the Equipment, including fees of its agents and professional advisers (including all legal fees), all allowable and reasonable costs in effecting the collection, whenever and howsoever incurred, and a sum of money equal to three (3) months interest at the rate implicit per annum, and any amounts incurred by Accord shall be borne by the Debtor and form part of the Indebtedness and shall bear interest as set out in Section 17 until paid;

(f) In the event the Equipment is sold, all proceeds of sale shall be applied by Accord in reduction of the Indebtedness in the order Accord, in its sole discretion, determines is appropriate and the Debtor shall continue to be liable for any deficiency;

(g) Accord shall have no liability due to any failure to seize, realize, dispose of, or otherwise deal with the Equipment or any other collateral, or failure to enforce any of its other rights against the Debtor or any other person or for any negligence on its part or the part of its agents, nor shall Accord be bound to institute proceedings against any person for such purposes or for the purpose of preserving its rights in respect of the Equipment;

(h) If Accord or its agents take possession of the Equipment they shall have no liability as a creditor in possession and shall not be accountable for anything other than actual receipts.

(i) The Debtor's liability for the Indebtedness is not subject to the equities between it and Accord and no right of set-off by the Debtor shall apply. Upon the occurrence of a Default, the Debtor hereby irrevocably waives time for the payment of the Indebtedness;

(j) Accord may, in lieu of or in addition to exercising any of its rights and remedies under this section, appoint or retain any person as its agent to exercise such rights and remedies.

**16. Pre-Authorized Payments:** The Debtor authorizes Accord or its assigns to draw regular payments for business purposes (the "PAP" or "PAP's") from its designated bank account (whether it continues to be maintained at the current location or at another branch of the bank, or at another bank) (the "**Designated Account**") to cover all of the required payments, fees, and interest, under this Agreement. Each PAP will be drawn from the Designated Account in the amounts and due dates determined under this Agreement.

**The Debtor specifically waives any pre-notification requirements that apply to any PAP and agrees that written notice will not be provided (1) before the due date of any PAP, (2) of any change to the amount of any PAP, and (3) of any change to the due dates.** Accord will obtain the specific prior authorization of the Debtor for one-time or other sporadic PAP's, the amounts or due dates of which are not identified in this Agreement.

The Debtor warrants that all persons whose signatures are required to sign on the Designated Account have signed this Agreement. The Debtor will immediately notify Accord in writing of any change to the Designated Account, and in any event, no later than ten (10) days post change. Accord is not responsible to notify the Debtor if any PAP is reversed due to non-sufficient funds, funds not cleared, or changes to the Designated Account. In such an event, Accord may re-present the PAP within 30 days of the original due date. The Debtor is responsible for any charges that arise from such a situation and is required to ensure that the necessary payment is made to Accord through an alternative method. The Debtor must contact Accord to arrange for coverage of any missed payment(s).

The Debtor may change or cancel this PAP authorization at any time on thirty (30) days written notice to Accord: Accord Small Business Finance Corp., 305 – 889 Harbourside Drive, North Vancouver, BC, V7P 3S1, (phone: (604) 982-3031; fax: (888) 835-9757; email: customerservice@accordfinancial.net). However, the Debtor hereby acknowledges that PAP's are a CONDITION OF THIS AGREEMENT. Cancelling this PAP authorization without immediately replacing it, will be considered an Event of Default under this Agreement. In the event Accord waives the requirement for PAP's, then the Debtor will pay a service charge for other payment methods. The Debtor acknowledges that the right to cancel this PAP authorization only applies to the method of payment and has no bearing otherwise on the obligations under this Agreement.

**Accord may assign this authorization to any third party to whom it assigns its interest in this Agreement. The Debtor will be notified of the identity and contact information of any such assignee.** The Debtor has certain recourse rights if any PAP does not comply with this Agreement. For example, the Debtor has the right to receive reimbursement for any PAP that is not authorized or is not consistent with this Agreement. To obtain more information on the recourse rights of the Debtor, or the rights of the Debtor to cancel a PAP authorization, or to obtain a sample cancellation form, the Debtor should contact its financial institution or visit [www.cdnpay.ca](http://www.cdnpay.ca).

**17. Overdue Payments:** When a payment or any other amount owing by the Debtor under this Agreement is not paid when due, the Debtor agrees to pay Accord a late fee of \$10.00 for each month or partial month during which such amount is unpaid, plus interest at the rate of 28.8% per annum, calculated and compounded monthly, payable on demand. The Debtor further agrees to pay to Accord a Returned Cheque Charge of \$50.00 plus

GST payable on demand for each dishonoured cheque. All such amounts payable to Accord under this Section 17 shall form part of the Indebtedness.

**18. Charge on Land:** The Debtor hereby charges any lands which it owns or may in the future own during any time when any amount remains outstanding under this Agreement and it authorizes the registration of any and all caveat(s), lien(s), or other encumbrances against any such property. Accord reserves the right to file such registration(s) at any time during this Agreement

**19. Law:** This Agreement is governed by the laws in which the use of the Equipment was originally intended as indicated by the Equipment Location and the parties attorn to the jurisdiction of the courts of such province. Terms not otherwise defined in this Agreement have the meaning ascribed them under the PPSA unless the context is inconsistent with this Agreement. To the maximum extent permitted by law, the Debtor waives its rights and all benefits under any existing or future statute which limits the rights and/or remedies of a secured party and, in particular, agrees that Part 6 of the *Law of Property Act* (Alberta), the *Seizures Act* (Alberta) and the *Limitation of Civil Rights Act* (Saskatchewan), or any amendments or regulations thereof, shall not apply to this Agreement.

**20. Criminal Code:** Notwithstanding any provision in this Agreement to the contrary, in no event will the aggregate "interest" (as defined in section 347 of the *Criminal Code* (Canada)) payable by the Debtor under this Agreement exceed the maximum effective annual rate of interest on the "credit advanced" (as defined in that section 347) permitted under that section and, if any payment, collection or demand pursuant to such loan agreement in respect of "interest" (as defined in that section 347) is determined to be contrary to the provisions of such section 347, such payment, collection or demand will be deemed to have been made by mutual mistake and the amount of such payment or collection will be refunded to the Debtor only to the extent of the amount which is greater than the maximum effective annual rate permitted by such laws. For purposes of determining compliance with such section 347, the effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term of this Agreement and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Accord will be prima facie evidence for the purposes of such determination.

## **21. General:**

**(a) Language.** The parties hereto agree that this Agreement and all documents related thereto be written in the English language (*Les parties en présences conviennent à ce que ce document soit rédigé en anglais*);

**(b) Notices.** Any notices required under this Agreement shall be sufficient if given in writing and delivered in person or by courier to the addresses noted above, by mail, or by email, or such further address as updated by either party from time to time upon notice to the other. Any such notice shall be deemed to have been duly given upon delivery if delivered in person, or by courier, or if given by email, only upon receipt of email confirmation from the recipient that the email has been received, or if by mail, on the fifth day after posting;

**(c) Interpretation.** Whenever the context of this Agreement so requires, the singular number shall include the plural and vice versa, and words importing gender shall include all genders. Headings are inserted for convenience of reference only and shall not affect interpretation;



(d) Waiver/Default. Waiver by Accord of any default by the Debtor, or the failure by Accord to exercise any option or right shall not constitute a continuing waiver or relinquishment of such or any default, option, or right, and Accord shall have the right to insist upon strict performance by the Debtor of any and all of the terms and provisions of this Agreement;

(e) Waiver/Remedies. Any single or partial exercise by Accord of any right or remedy for a default or breach of any term, covenant, condition or agreement herein contained shall not be deemed to be a waiver of or to alter, affect, or prejudice any other right or remedy or other rights or remedies to which Accord may be lawfully entitled for the same default or breach;

(f) Severability. The Debtor acknowledges that the provisions of this Agreement are commercially reasonable. Should any provision of this Agreement be or become illegal, invalid or not enforceable, it will be considered separate and severable from this Agreement and the remaining provisions will remain in force and be binding upon the parties hereto and be enforceable to the fullest extent of the law;

(g) Enurement. This Agreement shall enure to the benefit of Accord and its successors and assigns and shall bind Debtor and its successors;

(h) Entire Agreement. This Agreement shall constitute the entire agreement between the parties on its subject matter and the phrase "this Agreement" means this Agreement, as amended in writing from time to time, and all schedules hereto, such schedules being incorporated into and forming part of this Agreement;

(i) Further Assurances. The Debtor will immediately at the request of Accord, execute and deliver to Accord any further assurances, documents, and instruments, obtain any consents, and do any other things as Accord may reasonably require to accomplish the purposes of this Agreement, or to make any filing or registration to perfect or protect Accord's interest in the Equipment;

(j) Survival. Subject to the terms and conditions of this Agreement, all obligations of the Debtor, and the rights and remedies of Accord, including all indemnities of Accord by the Lessee, shall survive the termination of this Agreement and the receipt of all amounts due and owing by the Debtor to Accord;

(k) Time of the Essence. Time shall be of the essence of this Agreement and shall continue to be of the essence;

(l) Electronic Communication. The parties may exchange information or communicate regarding the Agreement using email or other formats of electronic communication. The parties agree and acknowledge that there are risks associated when using email and other electronic communication, and specifically that information may be accessed by third parties as a result. The parties hold each other harmless in the event that information in emails or other electronic communication is inadvertently disclosed to or otherwise assessed by third parties. The parties authorize and permit each other to communicate regarding any matters related to the Agreement using email at any email addresses provided to each other, notwithstanding that such email addresses may be used by third parties during the Agreement. Any information exchanged by email or other electronic communication will not vary, modify, amend, or change the terms or conditions of the Agreement, or any other agreements between the parties.

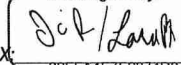
(m) Counterparts. This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement.

(n) Acknowledgment. The Debtor acknowledges that this Agreement is a valid and legally binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms (subject only to applicable laws affecting creditors generally and to general principles of equity), and further acknowledges receipt of a copy of this Agreement.

(o) Electronic Signatures. If electronic signatures are used with respect to this Agreement, any addendums, security documents, or any certificates, reports, statements, information, data, documents or instruments delivered pursuant to or in connection with the Indebtedness, the Debtor acknowledges and agrees that the application of the Debtor's electronic signature is the legal equivalent of the Debtor's manual signature and shall be deemed to be equivalent to an original signature for all purposes and that the Debtor is legally bound by the terms and conditions of this Agreement. In signing this Agreement and by initialing this provision, the Debtor consents to the use of electronic signatures.

| INITIALS   |            |
|------------|------------|
| Debtor [1] | Debtor [2] |
| Debtor [4] | Debtor [4] |

The undersigned Debtor(s) have read, understand, and accept this Agreement, including the attached Terms and Conditions, Schedules, and Letter of Direction, and hereby affirm that they are authorized to execute this Agreement.

DocuSigned by:  
  
 02EEA4E7E6374DD  
 Copperline Excavating Ltd

X: \_\_\_\_\_

X: \_\_\_\_\_

X: \_\_\_\_\_



305-889 Harbourside Dr., North Vancouver, BC V7P 3S1  
 Telephone: (604) 982-3010 Toll Free Fax: 1-888-835-9757  
 CustomerService@AccordFinancial.net

## LETTER OF DIRECTION

**DATE:** April 4, 2019

**TO:** Accord Small Business Finance Corp. ("Accord")

**RE:** Loan and Security Agreement No. 106693 (the "Agreement") between Accord and **Copperline Excavating Ltd** (the "Debtor")

We authorize and instruct Accord to disburse the total proceeds of **\$60,300.00** from the above-mentioned Agreement as follows:

Total Loan Proceeds:

| <u>Amount</u>           | <u>Payees</u>             |
|-------------------------|---------------------------|
| \$60,300.00             | Copperline Excavating Ltd |
| \$0.00                  |                           |
| \$0.00                  |                           |
| \$0.00                  |                           |
|                         |                           |
| <b>Total Proceeds</b>   | <b>\$60,300.00</b>        |
| <b>Capitalized Fees</b> | <b>\$1,416.00</b>         |
| <b>Principal Sum</b>    | <b>\$61,716.00</b>        |

Disbursement by Accord in accordance with the foregoing instructions shall be and constitute payment and delivery to and receipt by Debtor of any and all such proceeds.

**THE UNDERSIGNED AFFIRMS THAT HE/SHE IS DULY AUTHORIZED TO EXECUTE THIS AGREEMENT**

|                                              |                                               |
|----------------------------------------------|-----------------------------------------------|
| Debtor (1): <b>Copperline Excavating Ltd</b> | Signature for Debtor (1)<br><i>Jim/Laurie</i> |
| Debtor (2):                                  | Signature for Debtor (2)                      |
| Debtor (3):                                  | Signature for Debtor (3)                      |
| Debtor (4):                                  | Signature for Debtor (4)                      |

**Agreement No: 106693**



## Certificate Of Completion

Envelope Id: 1B68EA02F9F84956A554F69D70BFCE46

Status: Completed

Subject: Please DocuSign: 106693

Source Envelope:

Document Pages: 8

Signatures: 5

Envelope Originator:

Certificate Pages: 5

Initials: 1

James Jang

AutoNav: Enabled

305-889 HARBOURSIDE DR

Envelopeld Stamping: Enabled

NORTH VANCOUVER, BC V7P 3S1

Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Jjang@accordfinancial.net

IP Address: 216.210.104.226

## Record Tracking

Status: Original

Holder: James Jang

Location: DocuSign

April 4, 2019 | 11:45

Jjang@accordfinancial.net

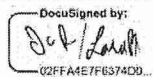
## Signer Events

Jamie Black

jamie.black@copperlineexcavating.ca

Security Level: Email, Account Authentication (Optional)

## Signature

DocuSigned by:  
  
02FFA4E7F6374D9...

Signature Adoption: Drawn on Device

Using IP Address: 207.228.78.247

Signed using mobile

## Timestamp

Sent: April 4, 2019 | 11:46

Viewed: April 4, 2019 | 12:01

Signed: April 4, 2019 | 12:01

## Electronic Record and Signature Disclosure:

Accepted: April 4, 2019 | 12:01

ID: e999619c-3db2-47c3-be72-8ea36bbda335

Company Name: Accord Small Business Finance Corp.

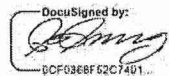
James Jang

jjang@accordfinancial.net

President

Accord Small Business Finance Corp.

Security Level: Email, Account Authentication (Optional)

DocuSigned by:  
  
0CF03E8F52C74D1...

Signature Adoption: Drawn on Device

Using IP Address: 216.210.104.226

Sent: April 4, 2019 | 12:01

Viewed: April 5, 2019 | 12:50

Signed: April 5, 2019 | 12:50

## Electronic Record and Signature Disclosure:

Accepted: April 5, 2019 | 11:24

ID: 39cddc86-8b17-4a1e-bbd8-5cdf04aaab5a

Company Name: Accord Small Business Finance Corp.

## In Person Signer Events

## Signature

## Timestamp

## Editor Delivery Events

## Status

## Timestamp

## Agent Delivery Events

## Status

## Timestamp

## Intermediary Delivery Events

## Status

## Timestamp

## Certified Delivery Events

## Status

## Timestamp

## Carbon Copy Events

## Status

## Timestamp

## Notary Events

## Signature

## Timestamp

## Envelope Summary Events

## Status

## Timestamps

Envelope Sent

Hashed/Encrypted

April 4, 2019 | 12:01

Certified Delivered

Security Checked

April 5, 2019 | 12:50

| Envelope Summary Events                    | Status           | Timestamps            |
|--------------------------------------------|------------------|-----------------------|
| Signing Complete                           | Security Checked | April 5, 2019   12:50 |
| Completed                                  | Security Checked | April 5, 2019   12:50 |
| Payment Events                             | Status           | Timestamps            |
| Electronic Record and Signature Disclosure |                  |                       |

## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

From time to time, Accord Small Business Finance Corp. (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

### **Getting paper copies**

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$1.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

### **Withdrawing your consent**

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

### **Consequences of changing your mind**

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

### **All notices and disclosures will be sent to you electronically**

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

**How to contact Accord Small Business Finance Corp.:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by phone call: (604) 982-3010

To contact us by email send messages to: [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net)

To contact us by paper mail, please send correspondence to:

Accord Small Business Finance Corp / Accord Small Business Leasing Corp.

305-889 HARBOURSIDE DR

NORTH VANCOUVER, British Columbia, V7P 3S1

**To advise Accord Small Business Finance Corp. of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

**To request paper copies from Accord Small Business Finance Corp.**

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to [CustomerService@accordfinancial.net](mailto:CustomerService@accordfinancial.net) and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

### **To withdraw your consent with Accord Small Business Finance Corp.**

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to [CustomerService@AccordFinancial.net](mailto:CustomerService@AccordFinancial.net) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

### **Required hardware and software**

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

### **Acknowledging your access and consent to receive and sign documents electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Accord Small Business Finance Corp. as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Accord Small Business Finance Corp. during the course of your relationship with Accord Small Business Finance Corp..







305-889 Harbourside Drive, North Vancouver, BC V7P 3S1  
Telephone: (604) 982-3010 | Toll Free Fax: 1-888-835-9757  
CustomerService@AccordFinancial.net

**THIS LOAN AND SECURITY AGREEMENT**, its Terms and Conditions, and any schedules, attachments, or amendments hereto (collectively, this "**Agreement**") made this 4 day of April, 2019 between **Accord Small Business Finance Corp. ("Accord")** AND **Copperline Excavating Ltd** (individually and collectively, the "**Debtor**") of BOX 3006, 375 SASKATCHEWAN AVE, SPRUCE GROVE, ALBERTA T7X 3A1 with telephone 780-968-3805, and email address

**IN CONSIDERATION** of the sum of Twenty-Three Thousand One Hundred Sixty And 00/100 Dollars (**\$23,160.00**) of lawful money of Canada paid by Accord to the Debtor and other value received, the receipt of which is hereby acknowledged, the Debtor agrees to repay all amounts of principal and interest, and all other amounts owing by the Debtor to Accord in accordance with the terms and conditions of this Agreement (collectively, the "**Indebtedness**"), and as general and continuing security for the payment of the Indebtedness, and the performance of all obligations of the Debtor to Accord under this Agreement, the Debtor hereby assigns and grants to and in favour of Accord, its successors and assigns, as a fixed and specific charge, lien and encumbrance on, and security interest in the equipment described in the attached Equipment Schedule, together with all additions, upgrades, components, replacements, accessions and equipment now or hereafter attached to or forming part of, and including all proceeds therefrom (including any proceeds of insurance) and substitutions therefore, and all rights, licenses (including software licences), information, records, service or maintenance agreements, guarantees and warranties in respect of or related to such equipment (collectively, the "**Equipment**"), such security interest being a purchase-money security interest to the extent it satisfies the criteria set out in the *Personal Property Security Act* ("**PPSA**"), to have and to hold the Equipment unto Accord forever, provided only that if the Debtor discharges the Indebtedness in full, Accord shall release its interest in the Equipment.

**Equipment Schedule**  
**2012 John Deere 328D Skidsteer - S/N: 1T0328DKACD217194**

**Equipment Location:** same as above

FOR VALUE RECEIVED, each individual Debtor jointly and severally and unconditionally promises to pay, to or to the order of Accord, at Accord's office at Suite 305 – 889 Harbourside Drive, North Vancouver, BC, V7P 3S1, the principal amount of Twenty-Three Thousand One Hundred Sixty And 00/100 Dollars (**\$23,160.00**) (the "**Principal**") together with interest calculated and compounded monthly at the rate of 14.25% per annum, in 42 blended instalments in the amounts and on such dates as set out on the face of this Agreement or any attached payment schedule, and where a period of time is shown on such schedule, then on the same day in each month during the period until payment has been made of all outstanding Principal and accrued interest hereunder, after as well as before maturity and both before and after default and/or judgment, with interest on any overdue payments at the rate of 28.8% per annum, calculated and compounded monthly (See Section 17). Such instalments will be applied first to accrued and unpaid interest and then to unpaid Principal.

All the Indebtedness, including all accrued and unpaid interest, shall become accelerated and immediately due and payable upon:

(i) any failure of the Debtor to pay the Principal or interest when due in accordance with the terms of this Agreement, or  
(ii) on the occurrence of any "**Default**" (as defined below), all without presentment, demand, protest, notice of dishonour, or any other demand or notice whatsoever, all of which are expressly waived by the Debtor.

**PRE-AUTHORIZED PAYMENT PLAN** (see Section 16): Debtor hereby authorizes Accord to periodically draw from the Bank Account (the "**Account**") noted on the **attached void cheque** the periodic payment amount and other amounts due hereunder.

DocuSigned by:

(1) Authorized Cheque Signatory / Name / Title: Dirk Larrick

02FFA4E7F6374D0...

(2) Authorized Cheque Signatory / Name / Title: \_\_\_\_\_

#### LOAN STATEMENT

|                    |                    |
|--------------------|--------------------|
| <b>\$22,500.00</b> | Amount Advanced    |
| <b>\$660.00</b>    | + Capitalized Fees |
| <b>\$23,160.00</b> | = Principal Sum    |
| <b>\$0.00</b>      | Reg. & Doc. Fees   |

#### MONTHLY PAYMENT SCHEDULE

| # | Payment         | Commencing         |
|---|-----------------|--------------------|
| 8 | <b>\$835.26</b> | <b>May 7, 2019</b> |
| 3 | <b>\$218.57</b> | <b>Jan 7, 2020</b> |
| 9 | <b>\$835.26</b> | <b>Apr 7, 2020</b> |
| 3 | <b>\$218.57</b> | <b>Jan 7, 2021</b> |
| 9 | <b>\$835.26</b> | <b>Apr 7, 2021</b> |
| 3 | <b>\$218.57</b> | <b>Jan 7, 2022</b> |
| 7 | <b>\$835.26</b> | <b>Apr 7, 2022</b> |

|                  |                  |
|------------------|------------------|
| <b>\$ 835.26</b> | Security Deposit |
|------------------|------------------|

This Agreement is only effective upon execution by an authorized officer of Accord Small Business Finance Corp. following the Debtor's execution hereof.

**Accord Small Business Finance Corp.**

The undersigned Debtor(s) have read, understand, and accept this Agreement, including the attached Terms and Conditions, Schedules, and Letter of Direction, and hereby affirm that they are authorized to execute this Agreement.

**Copperline Excavating Ltd**

Authorized Signature:

Dirk Larrick

0CF0368F52C7401...

**Agreement No: 106694**

Date:

April 5, 2019 | 12:50:42 PDT

Debtor (1): **Copperline Excavating Ltd**

Signature for Debtor (1)

Dirk Larrick

02FFA4E7F6374D0...

Signature for Debtor (2)

Debtor (3):

Signature for Debtor (3)

Debtor (4):

Signature for Debtor (4)

**Terms and Conditions**

|                      |               |
|----------------------|---------------|
| <b>Agreement No:</b> | <b>106694</b> |
|----------------------|---------------|

**1. Attachment:** The Debtor acknowledges that value has been given and that Accord's security interest in the Equipment attaches upon the execution of this Agreement, or if the Debtor has no interest in the Equipment, or in any part of the Equipment, upon execution than at the same time the Debtor acquires an interest in the Equipment.

**2. Credit Investigation & Consent to Information Sharing:** The Debtor hereby authorizes Accord, its agents, affiliates, subsidiaries, and third-party service providers, at any time whether it be before, during, or after the completion of this Agreement, to conduct financial and credit investigations of the Debtor, its individual principals, shareholders, guarantors, and/or persons otherwise connected with this Agreement, and to collect, use, share, and disclose personal and business information about such parties for the purposes of approval, maintenance, statistical analysis, and enforcement (the "Information"), from any source to which Accord may apply and each source is hereby authorized to provide the Information to the Accord. Sources of the Information may include, but are not limited to, credit reporting agencies, credit bureaus, creditors, credit grantors, or any banking or other financial institution. Accord may further collect, use, and disclose the Debtor's Social Insurance Number or other personal identifier to verify and report credit information to credit bureaus or credit reporting agencies as well as to confirm identities. The Debtor understands and consents to the Information being held on file by Accord as per Accord's official Privacy Policy, which is available upon request.

**3. Indemnification:** The Debtor hereby hereby agrees to indemnify and save Accord and its affiliates, subsidiaries, officers, directors, agents, and servants, harmless from and against any and all actions, claims, liens, costs, damages, disbursements, expenses (including legal expenses), liabilities, taxes, charges, fees, or any losses whatsoever suffered or incurred by Accord, due to the Debtor's ownership, use, or possession of the Equipment, any breach by the Debtor of any provision under this Agreement, or any exercise by Accord of enforcing its rights or remedies under this Agreement.

**4. Joint And Several Liability:** EACH DEBTOR (if there is more than one Debtor) acknowledges and agrees that liability for all obligations under this agreement is joint and several (and in the Province of Quebec, solidarily).

**5. Insurance:** The Debtor shall obtain and maintain for the term of this Agreement, at its own expense, insurance for all risks of physical loss or damage to the Equipment and to persons associated with the Equipment, including without limitation, theft, collision, personal injury or death, liability and damage to the property of others, and such other risks of loss as are customarily covered by insurance on like equipment and maintained by prudent operators of businesses similar to that in which the Debtor is engaged, in such amounts, in such form, on such terms, and with such insurers as shall be satisfactory to Accord, including insurance for damage or destruction to the Equipment in a sum not less than the greater of the amount secured by this Agreement and the replacement cost of the Equipment. Accord may, if the Debtor's insurance is inadequate, require that insurance on the Equipment be improved, changed, or amended to comply with this Agreement.

Each insurance policy will designate Accord as a first loss payee and specify that the proceeds of insurance generated in the event of any damage to or loss of the Equipment (the "Proceeds") shall be allocable exclusively to the Equipment and payable solely to Accord, and segregated

from proceeds generated by any damage to or loss of other insured property and/or persons, and any refund of premium is hereby assigned to Accord. Each insurance policy shall also contain a clause requiring the insurer to give at least thirty (30) days written notice of any alteration to the terms of such policy, and its cancellation. All insurance policies and renewal certificates shall be provided to Accord upon request. The Debtor shall provide Accord with prompt notice of any damage to or loss of any part of the Equipment.

If the Debtor fails to maintain insurance, or otherwise fails to provide a certificate of insurance to Accord, the Debtor agrees that Accord shall be entitled, but not obliged, to obtain the required insurance, and the Debtor shall cooperate with Accord's insurer in connection with the placement of such insurance and the processing of any claims. Nothing herein shall be deemed to obligate or Accord to act as an insurer, or to secure, maintain in force, or renew any insurance, in any amounts, or upon any specific terms and conditions, and Accord reserves the right to terminate any such insurance coverage which Accord may arrange, or allow same to lapse, without liability to Debtor. Any amounts incurred by Accord shall be borne by the Debtor and form part of the Indebtedness and be payable as set out in Section 17 of this Agreement.

**6. Performance and Reimbursement:** The Debtor agrees that Accord shall be entitled, but not obliged, to perform any of obligations of the Debtor under this Agreement should the Debtor fail to do so.

Any and all payments, charges, costs, fees, expenses, damages, or liabilities suffered or incurred by Accord due to the non-performance by the Debtor of its obligations under this Agreement shall be borne by the Debtor and all such amounts paid by Accord shall be immediately due and payable by the Debtor and form part of the Indebtedness, and shall bear interest at the implicit rate per annum then applicable to amounts due under this Agreement, calculated and compounded monthly, until paid, and shall be secured by this Agreement.

**7. Representations & Warranties:** The Debtor represents and warrants to Accord (such representations and warranties shall survive termination of this Agreement), and acknowledges Accord's reliance thereon in entering into this Agreement, that:

(a) All information, data and reports (financial or otherwise) furnished by or on behalf of the Debtor to induce Accord to enter into this Agreement were true, accurate and complete in all material respects at the time that they were furnished to Accord, and contains no untrue statement of fact and does not omit to state a material fact, the omission of which would cause such information to be misleading;

(b) There are no facts directly relating to the Debtor, not disclosed herein or otherwise disclosed to Accord which, if known to Accord, might reasonably be expected to deter Accord from completing the transaction contemplated in this Agreement;

(c) The Debtor is a corporation duly incorporated and organized, and validly existing under the laws applicable to it;

(d) The Debtor has and will continue to have the power, capacity, legal right, and authority to execute, deliver and perform this Agreement, and to own its property and carry on its business;

(e) This Agreement and its execution, delivery and performance has been duly authorized by all necessary corporate action and does not and will not contravene or conflict with the Debtor's constating documents, by-laws, resolutions, or shareholders agreements, any agreement by which Debtor may be bound, or any provision of any applicable law, regulation, court order or ruling of any judicial or quasi-judicial body;

(f) There are no actions, suits or proceedings pending or, to the knowledge of the Debtor, threatened, at law or in equity or before any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any court or arbitrator of any kind, which involve a reasonable possibility of any material adverse change in the financial condition of the Debtor and, to the best knowledge of the Debtor, the Debtor is not in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court, arbitrator or federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign;

(g) The Debtor has good and marketable title to the Equipment, free from all encumbrances beyond those approved in writing by Accord;

(h) There has been no assignment, sale, transfer, conveyance, mortgage, charge, pledge or hypothecation, absolute or contingent, direct or indirect, of the whole or any part of the Debtor's rights, title, and interest in any of the Equipment;

(i) The Equipment Schedule forming part of this Agreement is complete and accurately describes the Equipment, and the Equipment:

- (i) was not acquired as consumer goods, and shall not be used as consumer goods;
- (ii) is in good operating condition and repair and in satisfactory condition for its intended uses;
- (iii) is located at the Equipment Location set forth above;

**8. Covenants:** The Debtor covenants and agrees with Accord that:

(a) Positive Covenants:

- (i) *Priority Debt:* The Debtor shall duly and punctually pay, or cause to be paid, all Priority Debt (as defined below) when due, and will forthwith provide Accord with notification of outstanding amounts owing by the Debtor in relation to any Priority Debt. "**Priority Debt**" means debt owing by the Debtor with respect to federal, provincial, or municipal taxation authorities, which includes but is not limited to, property taxes, GST/HST, source deductions, income tax, employee deductions, employer health tax, and workers compensation contributions, and further includes any statutory claims under the *Wage Earner Protection Program Act*, SC 2005, c. 47, s. 1, statutory liens, charges, encumbrances, or claims against the assets of the Borrower, including but not limited to, liens under the *Forest Act [RSBC 1996] c. 157*, Repairmen's Liens, Garage Keeper's Liens, Mechanic Liens, Woodsman's Liens, and Builders Liens, and all such jurisdictional equivalents;
- (ii) *Perform Obligations.* The Debtor shall fully observe and perform its obligations under this Agreement, including, without limitation, duly and punctually making all payments, and paying any and all amounts payable by the Debtor to Accord, when due;
- (iii) *Corporate Existence.* The Debtor shall maintain in good standing its corporate existence under the laws of its jurisdiction

of incorporation and qualify and remain duly qualified to do business and own property in each jurisdiction in which such qualification is necessary in view of its business and operations;

(iv) *Compliance with the Law.* The Debtor shall comply, in all respects, with all applicable laws, ordinances, rules, regulations and orders pertaining to the Debtor and applicable to the Equipment, and any of its property, assets, and undertakings;

(v) *Obtain/Maintain Licenses.* The Debtor shall obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of the Equipment, its property, assets and undertakings or to the conduct of its business(es), in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a material adverse effect;

(vi) *Location.* The Equipment is and shall remain located at the Equipment Location set forth above and the Debtor shall permit Accord, and all those designated by Accord (the "**Designates**") to visit and inspect the Equipment, and the Debtor shall ensure that Accord and the Designates have free and unrestricted access to the Equipment, and that Accord and the Designates will be provided with such information and data relating to the Equipment as Accord and the Designates may reasonably request;

(vii) *Changes.* The Debtor will promptly notify Accord in writing of:

- A. any transfer, authorized or unauthorized, of any interest in, or benefit from, the Equipment;
- B. any change, authorized or unauthorized, in the location of the Equipment; and
- C. any change in the location of the head office of the Debtor;

(viii) *Maintain Equipment.* The Debtor shall maintain and keep the Equipment in good operating condition and repair and in satisfactory condition for its intended uses, and be maintained and used accordance with good business practices and the specifications and recommendations of its manufacturers and suppliers (and shall enter into all maintenance or service agreements as may be necessary to do so) and in compliance with all applicable laws, and the Debtor shall pay all expenses, costs, taxes, fees, charges, and assessments arising in respect of the Equipment and its use, and the Equipment shall be conspicuously marked as required by Accord to reflect Accord's interest therein;

(ix) *Financial Information.* During the continuance of this Agreement, the Debtor shall provide Accord with interim and/or annual financial statements, or such other information respecting its financial condition or operations as Accord may request from time to time;

(x) *Canada Revenue Agency Payments.* The Debtor shall, upon request by Accord, provide Accord with written confirmation that all remittances to the Canada Revenue Agency by the Debtor are up to date with no amounts being in arrears;

(xi) *Notice of Litigation.* The Debtor shall promptly provide Accord with written notice of all litigation and all proceedings before any governmental or regulatory agencies or arbitration authorities affecting it, except those which, if adversely determined, would not have a material adverse effect on its financial condition or business(es);

(a) Negative Covenants:



- (i) **Further Encumbrances.** The Debtor will not place or secure any debt in addition to financing under this Agreement against any of the Equipment, nor will it create, assume or permit to exist any mortgage, charge, hypothec, pledge, lien or other encumbrance or security interest with respect to any of the Equipment, without the prior written consent of Accord;
- (ii) **Provide Loans/Guarantees.** The Debtor shall not make any advances or loans to, or any investment in, or provide any guarantees on behalf of, any corporation, entity, or person;
- (iii) **Transfer.** The Debtor shall not sell, lease, loan, assign, provide the benefit of, or dispose of the Equipment, or any part thereof, to any other person, or replace, alter, upgrade, or modify the Equipment, excepting that the Debtor may replace or upgrade parts of the Equipment in order to comply with its obligations under this Agreement provided that such parts are free and clear of all liens and encumbrances, and the fair market value of the Equipment is thereafter greater than its value prior to such replacement or upgrade. Any proceeds arising from a disposition of Equipment which does not comply with the foregoing sentence shall be held by the Debtor in trust for Accord and immediately due and payable by the Debtor to Accord;
- (iv) **Corporate Structure.** The Debtor shall not amalgamate, consolidate or merge with any other corporation, entity, or person;
- (v) **Capital Structure.** The Debtor shall not redeem any of its redeemable shares, pay dividends in excess of net income, or otherwise change its capital structure or make any form of capital withdrawal;
- (vi) **Partnership.** The Debtor shall not enter into a partnership, joint venture or similar relationship with any other corporation or entity;
- (vii) **Circumvent Security.** At no point in time will the Debtor operate in such a manner so as to divert income to a related or other corporation, entity, or person;
- (viii) **Transactions.** The Debtor shall not pay non market rates for products and/or services to a related corporation, entity, or person;
- (ix) **Change of Name.** The Debtor shall not change its name unless thirty (30) days' prior written notice thereof has been given to Accord;
- (x) **Change of Fiscal Year End.** The Debtor shall not change its fiscal year end;
- (xi) **Fixture.** The Debtor shall not allow the Equipment, or any part thereof, to become a fixture, accession, or leasehold improvement.

**9. Prepayments:** If the Debtor is not in Default, it may on any scheduled installment payment date, discharge the Indebtedness hereunder, provided that:

- (a) The Debtor has irrevocably given Accord at least thirty (30) days written notice of its intent to prepay; and
- (b) The Debtor pays Accord the whole of the Indebtedness then outstanding plus any accrued and unpaid interest thereon at the date of such payment and any of Accord's unamortized expenses, fees, and costs incurred to underwrite this Agreement, plus:
  - (i) if the Prepay Notice is received by Accord any time up to and including the first twelve (12) months of the Agreement, a sum of money equal to twelve (12) months interest at the rate implicit hereunder; or

- (ii) if the Prepay Notice is received by Accord after the first twelve (12) months of the Agreement, a sum of money equal to six (6) months interest at the rate implicit hereunder;
- (iii) if the Prepay Notice is received by Accord at any time after the time periods stipulated in Sections 9 (b)(i) - (ii) above, a sum of money equal to three (3) months interest at the rate implicit hereunder.

**10. Assignment:** This Agreement shall not be assignable by the Debtor. Accord may, without the consent of or notice to the Debtor, assign the benefit of this Agreement to any assignee, and if so assigned, the assignee takes the place of Accord in this Agreement.

**11. Tracking Device:** Accord reserves the right to install any tracking or engine control device and to use same for its benefit to locate, secure, or seize the Equipment. Accord's right to do so is cumulative with all other remedies set out herein and available at law. Accord will not be responsible for any damage or loss of business suffered by the Debtor as a result of such use by Accord of any tracking or engine control device.

**12. Security Deposit:** Accord may apply the Security Deposit as it wishes, at any time, to any amounts due under this Agreement if not paid by the Debtor. The Debtor will not earn any interest on the Security Deposit. Upon termination of this Agreement, the Security Deposit, net of any arrears of payments or other amounts due under this Agreement, will be refunded to the Debtor.

**13. Default:** Each of the following constitutes an event of default under this Agreement (a "Default") without the giving of any notice or the lapse of any time:

- (a) Failure of the Debtor to pay when due any amount payable under this Agreement;
- (b) Failure of the Debtor to comply with any covenants or conditions under this Agreement, or to perform any obligations under this Agreement;
- (c) Failure of the Debtor to duly and punctually pay, or cause to be paid, all Priority Debt when due;
- (d) Any warranty, information, or representation made herein or furnished by or on behalf of the Debtor in connection with this Agreement proves to have been materially incorrect when made or furnished to Accord;
- (e) Any of the following occurs in respect of or is instituted or claimed by or against the Debtor:
  - (i) an event of bankruptcy;
  - (ii) an inability to pay debts;
  - (iii) proceedings in or in respect of bankruptcy, insolvency, receivership, winding-up, liquidation, amalgamation or dissolution; or
  - (iv) an arrangement or compromise with or assignment for the benefit of creditors;
- (f) The Debtor permits any execution, attachment, distress, or writ to be levied against the Equipment;
- (g) The Equipment is damaged or destroyed, unless Accord in its sole determination elects to apply the proceeds of insurance to the replacement of such Equipment;