COLLATERAL DEBENTURE

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This Collateral Debenture (the “Agreement”) takes effect on [DATE],

**BETWEEN: [YOUR COMPANY NAME]** (the "Holder"), a company organised and existing under the laws of the [STATE/PROVINCE] of [COUNTRY], with its head office located at:

 [YOUR COMPLETE ADDRESS]

**AND: [COMPANY NAME]** (the "Company"), a company organised and existing under the laws of the [STATE/PROVINCE] of [COUNTRY], with its head office located at:

 [COMPLETE ADDRESS]

1. **RECITALS**

[COMPANY NAME] (herein called the “Company”) for value received, acknowledges itself indebted and promises to pay to [COMPANY NAME] (herein called the “Holder”), at the offices of the Holder, in the City of [CITY], [STATE/PROVINCE] of [STATE/PROVINCE], the principal sum of [AMOUNT] of lawful money of [COUNTRY] and to pay interest thereon as set forth in paragraph 3(a) hereof in like money at the same place on the balance of the principal from time to time outstanding, computed from the date of advancement of the monies to the Company, until payment of all monies which may from time to time be owing hereunder or pursuant thereto, and also to pay all other monies which may from time to time be owing hereunder or pursuant hereto.

1. **PRINCIPAL AMOUNT**

Subject to the provisions of this Debenture, the principal amount of this Debenture will mature and become due and payable on demand of the Holder upon prior written notice of [NUMBER] days.

1. **INTEREST PAYMENTS**
2. This Debenture will bear interest at the rate per annum of [PERCENT] (%).
3. It is agreed that the taking of a judgement  or judgments under any of the covenants herein contained will not operate as a merger of the said covenants or affect the Holder’s right to interest and additional interest at the rate and times aforesaid.
4. **SECURITY**

As security for the payment of the principal, interest and other monies from time to time owing on this Debenture, and the performance by the Company of all its obligations hereunder, but subject to Permitted Encumbrances in favour of the Company’s bankers, [SPECIFY BANK], the Company hereby charges as and by way of a fixed and specific mortgage and charge, to and in favour of the Holder of the Collateral Debenture of the Company, all furniture, machinery, equipment, vehicles and accessories, accounts receivable and inventory hereafter acquired by the Company, together with any proceeds of sale or disposition thereof.

And for the same consideration and purpose, but subject to Permitted Encumbrances in favour of the [SPECIFY BANK], the Company hereby charges as and by way of a floating charge to and in favour of the Holder of the Collateral Debenture of the Company the undertaking of the Company and all its property and assets for the time being, both present and future, and of whatsoever nature and kind and wheresoever situated (other than property and assets from time to time effectively subjected to the fixed and specific mortgages and charges created hereby or by any other instrument supplemental hereto).

Such floating charge will in no way hinder or prevent the Company, at any time and from time to time until the security hereby constituted will have become enforceable, from pledging, charging, selling, alienating, leasing or otherwise disposing of or dealing with the property, rights and assets included in such floating charge in the ordinary course of business except to the extent specifically prohibited herein.

It is hereby declared that the last day of any term of years reserved by any lease, verbal or written, or any agreement, therefore, now held or hereafter acquired by the Company is hereby and will be accepted out of the floating charge hereby created. As further security for payment of the monies hereby secured, the Company agrees that it will stand possessed of the reversion of one day remaining in the Company *in re*spect of any such term of years, of or to which it may now or hereafter be possessed or entitled upon trust, to assign and dispose of the same for the benefit of the Holder.

1. **COLLATERAL DEBENTURE HOLDER**

The Collateral Debenture Holder may at any time and from time to time, by instrument in writing, signed by the Holder:

1. consent to any addition to, deletion from or other alteration of the terms and provisions of the Collateral Debenture;
2. waive any breach by the Company of any of the provisions contained in the Collateral Debenture or any default by the Company in the observance or performance of any covenant or condition contained in the [SPECIFY SERIES] Debenture; provided that no act or omission by the Collateral Debenture Holder in the Mortgaged Premises will extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom;
3. appoint a receiver or receivers of the subject matter of the security hereby constituted or any part thereof and remove any receiver or receivers so appointed and appoint another or others in his or their stead;
4. take any other action required or permitted by the terms of the Collateral Debenture to be taken by the Holder thereof; and
5. for any of the purposes aforesaid to appoint an agent, solicitor, counsel or other adviser with exclusive authority to represent and act for the Holder in all negotiations with the Company and any other person or persons concerned.
6. **HABENDUM**

To have and to hold the Mortgaged Premises and the mortgages, pledges and charge thereof hereunder and all rights hereby conferred on the Holder for the purposes and with the powers and authorities and subject to the terms and conditions herein set forth.

1. **DISCHARGE AND SATISFACTION**

If the Company will have first paid to the Holder the principal of this Debenture and all interest and other monies hereby secured at the times and in the manner herein provided, and will have observed and performed the covenants and undertakings herein contained, then these presents will cease and become null and void, and the Mortgaged Premises will revert to and reinvest in the Company without any acknowledgement of satisfaction, release or other act or formality whatever, but the Holder shall, upon the request and at the expense of the Company, execute and deliver to the Company a full release and discharge of the Mortgaged Premises.

1. **MORTGAGED PREMISES**

Until the security hereof will have become enforceable, the Company may (subject to the terms hereof) possess, manage, operate and enjoy the Mortgaged Premises in the same manner and to the extent as though this Debenture had not been executed.

1. **NOTICES**

Any notice required or desired to be given hereunder may be given by sending the same by registered mail, postage prepaid, to the Holder at its offices in the City of [STATE/PROVINCE], of [STATE/PROVINCE], and to the Company at its address set out herein. Any notice so given will be deemed to have been given on the second business day following the day of mailing. Any address for notice here*in re*ferred to may be changed by notice in writing given pursuant thereto.

1. **COVENANTS**

This Debenture is issued subject to and with the benefit of all the covenants, terms and conditions in [SPECIFY APPENDIX].

1. **BINDING EFFECT**

These presents are binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, each party to this agreement has caused it to be executed at [PLACE OF EXECUTION] on the date indicated above.

HOLDER COMPANY

Authorised Signature Authorised Signature

Print Name and Title Print Name and Title