DEED OF PLEDGE

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This Deed of Pledge (the “Agreement”) is effective [DATE],

**BETWEEN: [YOUR COMPANY NAME]** (the "Lender"), a company organised and existing under the [COUNTRY] Law, with its head office located at:

 [YOUR COMPLETE ADDRESS]

**AND: [COMPANY NAME]** (the "Borrower"), a company organised and existing under the [COUNTRY] Law, with its head office located at:

 [COMPLETE ADDRESS]

**AND: [COMPANY NAME]** (the "Nominee"), a company organised and existing under the [COUNTRY] Law, with its head office located at:

 [COMPLETE ADDRESS]

THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

1. **LOAN**

Subject to and in accordance with all the terms and conditions of that certain promissory note executed by the Borrower in favour of the Lender, dated [DATE], a copy of which is annexed hereto as Schedule “A”, as same may be amended and supplemented at any time and from time to time (the “Note”), the Borrower has borrowed from the Lender the principal amount of [AMOUNT] Dollars in the lawful currency of [COUNTRY] (the “Loan”), with interest thereon at the rate stipulated therein.

1. **PLEDGE**

2.1 Pledge:

As a general and continuing collateral security for the repayment by the Borrower to the Lender of the principal amount of the Loan and of all interest thereon and all other sums payable pursuant to the terms of the Note and this Deed of Pledge (collectively the “Debt”), the Borrower, in accordance with the provisions of the [COUNTRY] Law, does hereby pledge and charge to and in favour of the Lender, hereunto present and accepting, the property described in Schedule “B” hereto (the “Pledged Property”).

* 1. Nomination of Nominee:

	The Lender and Borrower hereby jointly nominate and appoint the Nominee as their representative for the purposes of obtaining and, subject to the provisions of [COUNTRY] Constitution hereof, continuously retaining physical possession of the Pledged Property at the Nominee’s place of business located at [NOMINEES ADDRESS] from the date of these presents until such time as the Pledge created hereunder is terminated by reason of extinction of the Loan secured hereby, and the Nominee hereby undertakes to so act.

2.3 Obligations of Nominee:

The Nominee shall, in its possession of the Pledged Property, have all the obligations of a depositary under a simple voluntary deposit pursuant to the [COUNTRY] Law, except as may be expressly derogated from hereinafter.

2.4 Loss or Deterioration:

The Nominee shall be liable to the Borrower and the Lender for any loss or deterioration of the Pledged Property, unless he can prove that the said loss or deterioration is the result of a fortuitous event (cas fortuit) or an irresistible force (force majeure) and was not caused by any fault of the Nominee.

2.5 Expenses of Preservation:

The Borrower shall reimburse the Nominee upon demand on a dollar-for-dollar basis for any necessary expenses incurred by the Nominee in the preservation of the Pledged Property.

2.6 Loss of Possession:

The Nominee hereby undertakes to notify the Borrower and Lender forthwith in writing of any loss or any threat of loss of physical possession of the Pledged Property by the Nominee (“Notice of Loss of Possession”), such notice to be given in accordance with the provisions of Article 2.6 hereof.

2.7 Return of Possession to Borrower:

At no time during the duration of the present Pledge shall the Nominee, return or allow the Pledged Property to be returned, in whole or in part, to the Borrower or to any person designated by the Borrower alone without the prior written consent of the Lender and upon the terms and subject to the conditions set forth in such consent. In the event of a failure to respect the provisions of this Section 2.7, the Nominee shall be personally liable to the Lender for any loss suffered by the latter as a result of any loss or reduction of the security created hereunder.

* 1. Termination of Pledge:

	For the purposes of this Article 2.8, the Pledge shall be considered to have terminated and the Nominee shall be authorised to return the Pledged Property to the Borrower or any person designated by the Borrower upon receipt by the Nominee of written notice from the Lender attesting that the Debt has been extinguished, by payment in full or otherwise (“Notice of Extinction”).

The Lender shall forward such Notice of Extinction to the Nominee and the Borrower in accordance with the provisions of Article 2.8 hereof within [NUMBER] days from the date of such extinction of the Debt. The Nominee shall, within [NUMBER] days from the date of receipt of the Notice of Extinction, release and return physical possession of the Pledged Property to the Borrower or any person designated by the Borrower to receive the physical possession of the Pledged Property in accordance with the means of delivery chosen by the Borrower and at the sole cost and expense of the Borrower.

1. **COVENANTS OF THE BORROWER**

The Borrower hereby warrants, covenants and agrees that:

3.1 Title to Pledged Property:

He is the lawful owner of the Pledged Property; that he has good, right and lawful authority to pledge and charge the Pledged Property as provided in this Deed of Pledge; that the Pledged Property is free and clear of all liens, privileges, hypothecs, charges and encumbrances whatsoever, save and except for any undetermined or inchoate lien, privilege or charge which has not been registered or filed pursuant to law and save and except for any charges subordinated to the charge hereof; and that he shall preserve, warrant and defend his title to the Pledged Property and rights and every part thereof, for the benefit of the Lender, its successors and assigns, against the claims and demands of all persons whomsoever.

3.2 Payment of Loan, Interest and Accessories:
He shall punctually pay or cause to be paid the principal of the Loan, any interest thereon and accessories thereto on the dates, at the place and in the monies, amounts and manner provided for with respect thereto in the Note.

3.3 Payment of Taxes:

He shall pay or cause to be paid as and when due and payable all taxes, rates, charges, levies or dues, assessments, ordinary or extraordinary, governmental or other charges of a like nature, assessed or payable *in re*spect of any of the Pledged Property or assessed on the Borrower, his rights or franchises; that he shall exhibit or cause to be exhibited to the Lender when required, on demand, the receipts and vouchers establishing such payments; and that in the event of his failure to pay such sums, the Lender may (but shall be under no obligation to) do so, and all sums so paid by the Lender shall be repaid by the Borrower on demand, with interest thereon at the rate and in the manner stipulated in the Note from the date of any such payment; provided, however, that the Borrower shall not be in default hereunder in the payment of any such tax, rate, charge, levy or assessment if he shall be contesting the imposition thereof in good faith by all appropriate legal proceedings and if the Borrower shall have furnished security satisfactory to the Lender sufficient in amount to cover any loss or liability which may result should such contestation be unsuccessful.

3.4 Other Charges:

He shall not permit or suffer the creation or registration of any lien, privilege, hypothec, mortgage, pledge or charge upon or *in re*spect of the Pledged Property or any part thereof. Notwithstanding the foregoing provisions of this Section 3.4, the Borrower shall not be in default hereunder if, within [NUMBER] days of the date of registration of any such privilege, he is in good faith contesting the validity thereof by all appropriate legal proceedings and shall have furnished security satisfactory to the Lender sufficient in amount to cover any liability which may result should such contestation be unsuccessful.

3.5 Repair:

He shall at all times preserve, repair and keep *in re*pair and good order and condition, or cause to be preserved, repaired and kept *in re*pair and good order and condition, the Pledged Property and at all reasonable times allow the Lender or its representatives access into and upon the Permanent Location in order to view the state and condition of the Pledged Property.

3.6 Maintenance of Pledged Property:

He shall diligently maintain or cause to be maintained the Pledged Property.

3.7 Total Loss of Pledged Property. In the event of the total loss of the Pledged Property, the Lender, without notice or formal notice of any kind:

3.7.1 may declare the entire principal amount of the Loan then outstanding, interest accrued and unpaid thereon, as well as any accessories payable under the Note and this Deed, to be immediately due and payable;

3.7.2 may revoke any and all rights granted to the Borrower hereunder and under the Note; and

3.7.3 shall have the right to apply the proceeds of insurance received by it to the payment by the preference of the outstanding principal amount of the Loan, interest accrued and unpaid thereon and any accessories payable hereunder and under the Note.

The receipt by the Lender of any such proceeds of insurance shall not constitute payment and shall not operate novation of the indebtedness of the Borrower under the Note or under this Deed of Pledge unless the said proceeds are expressly applied to the repayment of said amounts.

3.8 Partial Loss of Pledged Property:

In the event of a loss other than a total loss of the Pledged Property, all insurance proceeds received by the Lender, may, in its absolute discretion:

3.8.1 be applied to the repayment only to the extent of the outstanding principal amount of the Loan, interest accrued and unpaid thereon and any accessories payable hereunder and under the Note, and all other amounts the repayment of which is secured by the terms of this Deed of Pledge. The application of insurance proceeds under this subsection 3.8.1 shall be imputed to the [instalments of] principal required under the Note [, in inverse order of their maturities]; or

3.8.2 be remitted to the Borrower for the purpose of permitting him to reimburse expenditures made or to discharge indebtedness incurred by the Borrower *in re*pairing or replacing the Pledged Property.

The receipt by the Lender of any such proceeds of insurance shall not constitute payment and shall not operate novation of the indebtedness of the Borrower under the Note or under this Deed of Pledge unless the said proceeds are expressly applied to the repayment of said amounts.

* 1. Insurance Coverage:

	The Borrower shall insure and constantly keep insured the Pledged Property (the Pledged Property for these purposes is sometimes referred to as the “Insured Property”) for an amount of not less than the full replacement cost thereof without depreciation against all loss or damage by fire, hurricane, hail, lightening, cyclone, tornado, explosion, riot, impact by aircraft or vehicles, vandalism or malicious acts, civil commotion, smoke and any other perils which presently are or hereafter may be from time to time embraced by or defined in a standard fire insurance policy with extended coverage or additional perils supplemental coverage and such other risks as the Lender may reasonably require the Borrower to be insured against.
	2. All insurance coverage contemplated hereby must be obtained from and maintained by insurance companies or associations of underwriters in [COUNTRY] or elsewhere, chosen by the Borrower and acceptable to the Lender. Notwithstanding the above, any amount of insurance provided for above should be increased at the request of the Lender if in its reasonable opinion the amount for which the Borrower maintains such insurance is less than the amount that the Lender considers adequate. No insurance policy taken out by the Borrower shall contain a co-insurance clause without the prior written authorisation of the Lender.
	3. Insurance Premiums and Assignment of Insurance:

	The Borrower shall duly and reasonably pay or cause to be paid the premiums and other moneys payable for that purpose and he shall assign to the Lender the proceeds of any such insurance (other than liability insurance) so that the proceeds of any such insurance shall be paid to the Lender as its interest may appear and shall be received by the Lender.
	4. For this purpose, the Borrower shall execute all transfers necessary and not less than [NUMBER] days prior to the expiry of a policy or at least [NUMBER] days prior to the date fixed for cancellation of a policy, should notice of cancellation be given, the Borrower shall deliver to the Lender evidence of renewal or replacement thereof. Such evidence shall be in a form satisfactory to the Lender and shall be retained by the Lender until the security hereby created shall have been discharged. The Borrower shall notify the Lender of any change or modification affecting the Insured Property.

3.13 Receipt of Insurance Proceeds not Payment:

The receipt by the Lender of any proceeds of insurance shall not constitute a payment and shall not operate novation of the indebtedness of the Borrower under the Note or this Deed of Pledge unless the said proceeds are expressly applied to the repayment of the outstanding amounts payable by the Borrower under the Note and this Deed of Pledge.

3.14 Application of Proceeds of Insurance:

In no case shall the receipt or application of proceeds of insurance in accordance with the terms of this Deed of Pledge lessen, novate, or in any other way modify or affect the security hereby created, any law, usage or custom to the contrary notwithstanding.

3.15 Restriction on Alienation:

During the term of the present Pledge, the Borrower shall not convey, sell, lease, transfer, assign or otherwise dispose of any of the Pledged Property.

3.16 Facilitating realisation of Security:

After the security hereby created shall have become enforceable and the Lender shall have determined to enforce the same, the Borrower shall from time to time execute and do all such assurances and things as the Lender may reasonably require for facilitating the realisation of the Pledged Property and for exercising all the powers, authorities and discretion hereby conferred upon the Lender.

1. **EVENTS OF DEFAULT**

4.1 Event of Default:

The security hereby constituted shall become enforceable upon any breach, default or failure of performance or observance by the Borrower of any covenant, provision or condition contained herein or in the Note unless such breach, default or failure has been remedied within the time period, if any, provided therefore in the Note (herein sometimes called “Events of Default”).

4.2 Remedies:

In the event that any one or more of the Events of Default shall have occurred, the Lender, without notice or delay:

4.2.1 may declare the entire amount of the Loan then outstanding in principal and interest and any other amounts outstanding under the Note and this Deed of Pledge to be immediately due and payable;

4.2.2 may revoke any and all rights granted to the Borrower under the Note and this Deed of Pledge; and

4.2.3 shall have the right, without prejudice to any other rights and recourses which it may have, to require the Borrower and the Nominee to deliver on demand the Pledged Property so that the Lender may, at its sole option:

4.2.3.1 retain the Pledged Property pursuant to the [COUNTRY] Law or;

4.2.3.2 sell it at auction, and after notice, in the manner provided by the [COUNTRY] Law

and the Lender shall have the right to payment by preference out of the proceeds of sale, of the entire amount of the Loan then outstanding in principal, interest and accessories and all other sums the repayment of which is secured by this Deed of Pledge, including the costs relating to the repossession and the sale.

4.3 Waiver:

Notwithstanding the provisions of Section 4.2 hereof, the Lender shall have the right at all times, but without prejudice to its right to subsequently invoke such a default, to waive an Event of Default or to give the Borrower a delay within which he could remedy such a default or to take such other actions and do such other things as the Lender may in its discretion deem advisable or necessary in its interests or in the interests of the Borrower.

4.4 Rights of Entry:

Should an Event of Default have occurred, the Lender may enter upon the premises where the Pledged Property is located and take immediate possession thereof, whether it is affixed to realty or not and remove same, the whole without the Lender incurring any liability to the Borrower or the Nominee for or by reason of such entry or taking of possession, whether for damages to property or otherwise. The Borrower and the Nominee agree to give the Lender unrestricted access to the premises where the Pledged Property is located.

1. **NOTICE**

5.1 All notices which shall be given by one party to another hereunder or in connection herewith shall be deemed to have been validly given or made if sent by registered mail or delivered by hand (in which case, delivery must be acknowledged) to the addresses hereinafter set forth or to any other addresses of which any party hereto has given notice to the other parties hereto in accordance with this Article 5:

5.1.1 if to the Lender:

[YOUR COMPANY NAME], [YOUR COMPLETE ADDRESS], Attn [NAME]

with a copy to:

[NAME]

[COMPANY NAME]

[FULL ADDRESS]

Attention: [NAME]

5.1.2 if to the Borrower:

[COMPLETE ADDRESS]

5.1.3 if to the Nominee:

[COMPLETE ADDRESS]

5.2 Any notice given by mail has been received and should be deemed on the [NUMBER] business day next following the day on which the envelope containing it was deposited in a post office or public letter box in [COUNTRY]. Any notice given by hand should be deemed and received on the day it was delivered.

1. **GENERAL PROVISIONS**

6.1 Markings:

The Borrower and the Nominee undertake that during the term hereof the Pledged Property shall at all times have a plaque affixed thereto to the effect that same is owned by the Borrower and pledged in favour of the Lender pursuant to this Agreement. The plaque shall further indicate that the Nominee is in possession of the Pledged Property solely as nominee of the Borrower and Lender under this Agreement.

6.2 Governing Law:

This Deed and the interpretation and enforcement thereof shall be governed by and construed in accordance with the [COUNTRY] Law applicable therein.

6.3 Severability:

Any provision of this Deed that is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

6.4 Omission:

The omission on the part of the Lender to give notice of any Event of Default hereunder or to avail itself of any of its rights hereunder shall not be deemed or construed to be a waiver of any such Event of Default or rights.

6.5 Waiver:

The waiver by the Lender, following any default by the Borrower to pay any sum owing to the Lender, or the exercise by the Lender of any right or recourse under the Note or under any deed, instrument or document described or referred to in the Note or under this Deed of Pledge, shall not preclude the Lender from exercising any other right or recourse, all its rights and recourses being cumulative and not alternative.

6.6 Counterparts:

This Deed may be executed in one of more counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute but one of the same instrument.

6.7 Business Day:

In the event that any action to be taken hereunder falls on or any delay provided hereunder expires on a day which is not a Business Day, (a Business Day being any day excluding Saturday, Sunday and any other day which is a legal holiday in [COUNTRY] or on which financial institutions are authorised by law or by legal proclamation to close), the said action shall be taken on or the said delay shall be deemed to expire on, as the case may be, the next succeeding Business Day.

1. **EFFECTIVE DATE**

The present Deed of Pledge shall take effect as and from the date hereinabove first mentioned.

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

# LENDER BORROWER

Authorised Signature Authorised Signature

Print Name and Title Print Name and Title

# NOMINEE

Authorised Signature

Print Name and Title

SCHEDULE A

PROMISSORY NOTE

SCHEDULE B

PLEDGED PROPERTY