SECURITY AGREEMENT AND PROMISSORY NOTE

This Security Agreement (the “Agreement”) is made and effective [DATE],

**BETWEEN: [SECURED PARTY NAME]** (the “Secured Party”),an individual with his main address located at **OR** a company organised and existing under the laws of the [COUNTRY], with its head office located at:

[COMPLETE ADDRESS]

**AND: [YOUR COMPANY NAME]** (the “Debtor”),a company organised and existing under the laws of the [COUNTRY], with its head office located at:

[YOUR COMPLETE ADDRESS]

For value received, the undersigned Debtor promises to pay to the order of [NAME], together with any other holder of this note (“Secured Party”), at its office at [ADDRESS], [AMOUNT], with interest at the rate of [%] per annum. Payment shall be made in successive equal monthly instalments of [AMOUNT], except the final Installment, which shall be the balance due on this note. Each such instalment is payable on the [DAY] of each month, commencing on [DATE].

1. **SECURITY**

To secure the payment of this note [IF APPROPRIATE, ADD: AND ALL OTHER OBLIGATIONS OF DEBTOR TO SECURED PARTY, ITS SUCCESSORS AND ASSIGNS, HOWEVER CREATED, WHETHER DIRECT OR INDIRECT, ABSOLUTE OR CONTINGENT, OR NOW OR LATER EXISTING, DEBTOR GRANTS TO SECURED PARTY A SECURITY INTEREST IN THE FOLLOWING PROPERTY AND ALL ACCESSORIES, PARTS, AND EQUIPMENT NOW OR LATER AFFIXED TO THE SAME: (DESCRIBE COLLATERAL)]. [IF APPROPRIATE, ADD: TO FURTHER SECURE THE PAYMENT OF THIS NOTE, SECURED PARTY SHALL HAVE A LIEN ON AND RECOURSE TO ANY PROPERTY BELONGING TO DEBTOR THAT NOW OR LATER IS IN THE POSSESSION OR CONTROL OF SECURED PARTY.] Such property shall be in this agreement collectively referred to as “Collateral.”

1. **WARRANTIES AND COMMITMENTS**

Debtor warrants and agrees that:

* 1. To the extent, if any, that Debtor advises Secured Party that any of Collateral is being acquired with the proceeds of the note, such proceeds may be disbursed by Secured Party directly to the seller of such Collateral.
  2. Collateral, other than any part of Collateral that prior to the execution of this agreement Debtor advises Secured Party in writing consists of equipment normally used in more than one state, shall be kept at the address of Debtor shown above and shall not be moved without the prior written consent of Secured Party, [IF APPROPRIATE, ADD: EXCEPT, IN THE CASE OF MOTOR VEHICLES, FOR TEMPORARY AND ORDINARY USE IN (STATE)].
  3. If any of Collateral shall consist of equipment of a type normally used in more than one State, whether or not actually so used, Debtor shall immediately give written notice to Secured Party of any change in the principal place of business of Debtor, and of any use of any such Collateral in any State other than a State that Debtor has previously advised Secured Party that Debtor would use Collateral. Such Collateral will not unless Secured Party shall otherwise consent in writing, be used outside the territorial limits of the [COUNTRY].
  4. The debtor has, or immediately will acquire, full title to Collateral, and shall at all times keep Collateral free of all liens and claims whatsoever, other than the security interest under this note and agreement.
  5. No financing statement covering any of the Collateral is on file in any public office, and Debtor shall from time to time, at the request of Secured Party, execute or join in executing such financing statement and other documents, pay the cost of filing or recording the statement and documents in all public offices deemed necessary by Secured Party, and do such other acts as Secured Party may request to perfect, establish and maintain a valid security interest in Collateral, including, but not limited to, deposit with Secured Party of any certificate of title issuable with respect to any of Collateral and notation on the certificate of the security interest under this note and agreement.
  6. The debtor shall not sell, transfer, lease or otherwise dispose of any of Collateral or any interest in Collateral except with the prior written consent of Secured Party.
  7. The debtor shall at all times keep Collateral in good order and repair, excepting any loss, damage or destruction that is fully covered by proceeds of insurance or that results from ordinary use.
  8. The debtor shall at all times keep Collateral insured against loss, damage, theft and other risks, in such amounts, with such companies and under such policies and in such form as shall be satisfactory to Secured Party. Such policies shall provide that loss under the policy shall be payable to Secured Party as its interest may appear, and Secured Party may apply any proceeds of such insurance that may be received by Secured Party to the payment of any of the liabilities of Debtor to Secured Party regardless of whether due. Such application of proceeds may be made in such order as Secured Party determines proper. Such policies of insurance shall, if secured parties so request, be deposited with Secured Party.
  9. A secured party may examine and inspect Collateral or any part of the same, wherever located, at any reasonable time.

1. **USE OF COLLATERAL**

Until default under this note and agreement, Debtor may have possession of Collateral and use the same in any lawful manner not inconsistent with this note and agreement or with any policy of insurance on any of Collateral.

1. **REIMBURSEMENT OF EXPENSES**

A secured party may perform any obligation of Debtor under this agreement that Debtor fails to perform, and Secured Party may take any other action that Secured Party deems necessary for the maintenance or preservation of any of the Collateral or the interest of Secured Party in Collateral. The debtor shall immediately reimburse Secured Party for all expenses incurred by Secured Party in connection with the foregoing, together with interest at the rate of [%] per annum from the date incurred.

1. **DELINQUENT PAYMENTS**

The debtor shall pay late charges of [CENTS] per [DOLLAR] on any instalment more than [NUMBER] days delinquent and shall pay interest on the unpaid balance of this note, after such balance becomes due as in this agreement provided, at the highest lawful rate.

1. **REFUND CREDIT**

On payment by Debtor of the balance due before the scheduled maturity of this note, a refund credit shall be granted if and to the extent provided by law.

1. **DEFAULT**

The occurrence of any of the following events shall constitute a default:

1. Nonpayment, when due, of any amount payable under this note and agreement or failure of Debtor to perform any agreement contained in this agreement.
2. Any material false or misleading statement, representation, or warranty of Debtor in this agreement or in any other writing at any time furnished by Debtor to Secured Party.
3. Insolvency or inability of Debtor to pay debts as they mature, the making by Debtor of an assignment for the benefit of creditors, or institution of any proceeding by or against Debtor alleging that Debtor is insolvent or unable to pay debts as they mature.
4. Entry of any judgement  against Debtor.
5. [IF APPLICABLE, ADD: OR OF ANY PARTNER OF DEBTOR].
6. Determination by Secured Party, in its absolute discretion, that it is insecure for any reason whatsoever.
7. **REMEDIES**

On any default under this agreement, all remaining instalments on the note shall, at the option of Secured Party, become immediately due and payable, and Secured Party may exercise at any time any rights and remedies available to it under[CITE LAW]. Debtor shall, in case of default, assemble at the expense of Debtor all of Collateral at a convenient place acceptable to Secured Party and shall pay all costs incurred by Secured Party in collecting note and enforcing the rights of Secured Party under this agreement, including reasonable attorney fees and legal expenses and expenses of any repairs to any real or other property to which any of Collateral may be affixed.

To the extent that notice of intended disposition of any of Collateral is required by law, such notice, if mailed, shall be deemed reasonably and properly given if mailed at least [NUMBER] days before such disposition, postage prepaid, addressed to Debtor at the location appearing on the records of Secured Party. Any proceeds of any disposition of any of Collateral may be applied by Secured Party, after satisfaction of the obligation represented by this note, to the payment of expenses in connection with Collateral, including reasonable attorney fees and legal expenses. Any balance of such proceeds may be applied by Secured Party to the payment of other liabilities of Debtor to Secured Party, and in such order of application, as Secured Party may from time to time elect.

1. **CONFESSION OF JUDGMENT**

To further secure payment of this note, Debtor irrevocably authorises any attorney of any court of record to appear for Debtor at any time after payment is due, whether by acceleration or otherwise, and confess judgment, without process, in favour of Secured Party. judgement  may be entered for such amount as may be unpaid under this note, together with costs of such proceedings and attorney fees [%] of the amount unpaid under this note. A debtor waives and releases all errors that may occur in any such proceeding and consents to immediate execution on such judgment, ratifying and confirming all that such attorney may do by virtue of this note and agreement.

1. **NOTICE**

A debtor waives presentment, demand, notice of dishonour, protest and all other notices whatsoever. Secured party may from time to time extend or renew the note for any period, regardless of whether for a longer period than the original period of the note, and grant any releases, compromises or indulgences with respect to the note, any extension or renewal of the note or any security for the note or to any party liable under the note or this agreement, all without notice to or consent of Debtor and without affecting the liability of Debtor under this note and agreement.

1. **WAIVER**

No delay by Secured Party in the exercise of any right or remedy under this note and agreement shall operate as a waiver of the same, and no single or partial exercise by Secured Party of any such right or remedy shall preclude other or further exercise of the same or the exercise of any other right or remedy.

1. **CONSTRUCTION AND EFFECT**

This combined note and security agreement has been delivered at [FULL ADDRESS] and shall be construed in accordance with [NATIONAL LAW]. Whenever possible, each provision of this note and agreement shall be interpreted in such manner as to be effective and valid under applicable law; however, if any such provision shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this note and agreement.

The rights and privileges of Secured Party under this note and agreement shall inure to the benefit of its 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.

DEBTOR SECURED PARTY

Authorised Signature Authorised Signature

Print Name and Title Print Name and Title