

This Wholesale Distribution Credit Agreement including any additional and supplementary agreements and documents outlining credit approval and credit terms (the “**Credit Agreement**”) made as of the Effective Date set forth on the Signature Page by and between Soreno HVAC Inc., its affiliates, subsidiaries, and/or assigns (the “**Lender**”), the Wholesaler that got approved by the Lender set forth on the Signature Page (the “**Debtor**”) accepting such terms, provisions and conditions, and provides the following:

## **A. BACKGROUND**

1. The Lender is a distributor who desires to sell certain heating, ventilation, air conditioning (HVAC) and related products (the “**Products**”) through selected wholesalers who provide professional sales and excellent after-sales services to Business-to-Business (B2B) clients, including dealers, retailers, installers, and others (“**B2B Clients**”).
2. The Wholesaler is an existing and legitimate company operating business from a physical commercial premises with adequate and appropriate storage facility and a team of sales personnel who provide sales and excellent after-sales services to its B2B Clients.
3. The Lender and the Wholesaler have previously entered into a Wholesale Distribution Agreement whereby the Lender grants and appoints the Wholesaler and the Wholesaler accepts the non-exclusive right to sell the Products and provide customer service to its B2B Clients.
4. The Wholesaler has further applied to the Lender to acquire credit terms for the purpose of purchasing Products on credit and the Lender agrees to provide such credit terms based on the Wholesaler’s credit worthiness and having the signing officer who is authorized and empowered to take any necessary actions to execute, deliver, represent, and bind the Wholesaler’s corporation and acknowledging and agreeing to such credit terms.

**IN CONSIDERATION OF** the matters described above and of the mutual benefits and obligations set forth in the Credit Agreement, the receipt and sufficiency of which consideration is hereby acknowledged, the Lender and the Debtor (individually the “**Party**” and collectively the “**Parties**” to this Credit Agreement) agree to the following:

## **1. GRANTING AND ACCEPTANCE OF CREDIT**

- 1.1 Subject to the terms, provisions and conditions of the Credit Agreement and subject to such implementing rules and instructions as the Lender may issue from time to time, the Lender hereby grants the Debtor the credit terms for the purpose of purchasing Products from the Lender.
- 1.2 Subject to the terms, provisions and conditions of the Credit Agreement and subject to such implementing rules and instructions as the Lender may issue from time to time, the Debtor hereby accepts the credit terms provided by the Lender for the purpose of purchasing Products from the Lender.
- 1.3 Any Application for a credit account or any other written or verbal instructions received by the Lender from the Debtor for the purchase of Products on credit and/or the Debtor’s acceptance of Products supplied by the Lender on credit terms shall constitute acceptance of the terms, provisions and conditions of the Credit Agreement as may be updated from time to time.

## **2. TERMS OF PAYMENT**

- 2.1 Payment shall be made in any method agreed between the Debtor and the Lender. Unless otherwise provided in writing by the Lender, payment for all Products shall be made no later than the 30<sup>th</sup> day following delivery.
- 2.2 The Lender may, at its sole discretion, require payment of a deposit by the Debtor prior to processing any order or delivery of any Product.
- 2.3 An administration fee of \$100.00 will be added if any payment provided by the Debtor is returned due to Non-Sufficient Funds (NSF) or rejected by the Lender’s financial institution for any reasons.
- 2.4 Any unpaid balance on the Debtor’s account by the due date will incur a late payment interest charge of 3% per month calculated and charged on a daily basis until payment is made in full to the Lender. Payment is not deemed as made until cleared and recognized by the Lender’s financial institution.
- 2.5 The Lender may assign unpaid and unsettled Debtor account to any credit management organization or collection agency engaged for debt recovery at any time. All costs incurred by the Debtor as a result of a default, including, but not limited to, administration charges, debt collection costs, legal costs and legal fees shall be payable by the Debtor in addition to any unpaid balance.
- 2.6 Any Party may terminate this Credit Agreement, with or without cause, by providing written notice to the other Party at least thirty (30) calendar days in advance. In case of a default, the Lender may terminate the Credit Agreement immediately and unilaterally, at its sole discretion, before providing such written notice to the Party. Such termination shall not limit or release the Debtor from any obligation already incurred at the time of termination or any further liability in respect of that obligation.

2.7 The Lender may, at its sole discretion, at any time and by any way, refuse to accept any order by the Debtor or decline any request for credit terms to the Debtor and shall not be required to specify any reason.

### 3. SECURITY AND TITLE

3.1 Without prejudice to such other rights as the Lender may have pursuant to the Credit Agreement, the Lender reserves the right to request from the Debtor such security as the Lender may from time to time think desirable to secure all sums due to the Lender and may refuse to supply further Products and Services to the Debtor until such security is given.

3.2 The Lender and Debtor agree that ownership of the Products shall not pass until:

3.2.1 The Debtor has paid the Lender the payable for all Products.

3.2.2 The Debtor has met all other obligations due by the Debtor to the Lender in respect of any agreements between the Lender and the Debtor.

3.2.3 The Products shall be kept separate and identifiable until the Lender has been paid all monies due and all other obligations of the Debtor are met in full unless the Lender agrees it is impracticable.

3.2.4 Such time as ownership of the Products shall pass from the Lender to the Debtor, the Debtor will, upon demand, return any Products to the Lender, and, if sold, pay the sale proceeds by clear monies owing to the Lender.

3.2.5 Such time as the Debtor has paid all monies due to the Lender and met all other obligations of the Debtor in full, then the Debtor shall hold the proceeds from any sale or disposal of the Products on trust for the Lender.

### 4. SECURITY INTEREST

4.1 The Debtor acknowledges and agrees that the following terms, provisions and conditions constitute a security interest agreement for the purposes of the *Personal Property Security Act (PPSA)*:

4.1.1 A security interest is taken in all Products previously supplied by the Lender to the Debtor, and all Products that will be supplied in the future by the Lender to the Debtor (“**Security Interest**”).

4.1.2 Such Security Interest shall be a Purchase Money Security Interest to the extent the Security Interest secures an obligation for the Debtor to pay for the Products to the maximum extent provided for in the Personal Property Security Registration (PPSR) or its equivalent system outside of Ontario for the registration of security interests or liens.

4.2 The Debtor undertakes to:

4.2.1 Sign any further documents and provide any further information, which information the Debtor warrants to be complete, accurate and up-to-date in all respects, and which the Lender may reasonably require to enable registration of a financing statement or financing change statement on the PPSR.

4.2.2 Immediately advise the Lender of any material change, such as the Debtor’s name, details and/or its business practice, etc. which may result in a change in the nature of proceeds derived from such sales.

4.2.3 Not register a financing change statement or make a demand to alter the financing statement pursuant to the PPSA in respect of the Products without the prior written consent of the Lender.

4.2.4 Pay all costs incurred by the Lender in registering and maintaining a financing statement and/or financing change statement on the PPSR and/or enforcing or attempting to enforce the Security Interest created by this Credit Agreement including executing subordination agreements.

4.2.5 Be liable for all costs incurred, including legal fees and costs, in obtaining an order pursuant to the PPSA.

4.3 The Debtor irrevocably nominates, constitutes and appoints the Lender or the Lender’s nominee as the Debtor’s true and lawful attorney to perform all necessary acts to give effect to any provisions related to Security Interest.

4.4 If any of the Products are incorporated in or used as materials for other Products before payment is made, ownership in the whole of the other Products shall be and remain with the Lender until payment is made by the Debtor. The Lender’s Security Interest in the Products shall continue.

4.5 The Debtor agrees to procure, immediately upon request by the Lender, such agreements and waivers from any persons considered by the Lender to be relevant to its security position, as the Lender may at any time require.

4.6 The Debtor shall hold the book debt created on the sale and the proceeds of sale, when received, for the Lender on trust, where Products are sold by the Debtor in the ordinary course of business.

4.7 Where any proceeds of sale are placed in the Debtor’s bank account, the funds in the Debtor’s bank account shall be deemed to be held on trust for the Lender to the extent of proceeds of sale.

4.8 When the Debtor has to make payments to accounts not belonging to the Lender, such payment shall be deemed to have been made from other funds in the Debtor's bank account and not from funds held on trust for the Lender.

## **5. GUARANTEE BY THE DEBTOR**

- 5.1 The Debtor guarantees the prompt, full and complete performance of any and all present and future duties, obligations, including all monies, advances, renewals, credits and credit facilities borrowed or obtained from the Lender (the "**Guarantee**") shall be deemed to form part of the liabilities and indebtedness (the "**Debt**") due to the Lender by the Debtor, up to a maximum limit as determined and approved by the Lender and accepted by the Debtor and subject to change from time to time, under the terms, provisions and conditions of the Credit Agreement.
- 5.2 The Debtor guarantees that, as and when due, the Debtor will promptly pay the full amount of principal and applicable interest of the Debt, either according to the terms and conditions provided by the Credit Agreement or upon acceleration of payment under the Credit Agreement due to a default.
- 5.3 The Debtor agrees that, without the prior written consent of the Lender, it will not pledge, hypothecate, mortgage, sell, or otherwise transfer any of its assets. The Debtor waives all defenses, counterclaims, or offsets legally available to it with respect to the payment of the Debtor's Debt, to the extent permitted by law.
- 5.4 At any time in its sole discretion and without notice, the Lender is authorized to take, change, release, or in any way, deal with any security securing the Debt without impairing the obligation of the Debtor in any way.
- 5.5 The Lender will be under no obligation to collect or to protect any such security or the Debt; and its neglect or failure to collect or to protect any such security or the Debt is excused.
- 5.6 The Lender, without limiting or lessening the liability of the Debtor under the Credit Agreement, may grant extensions of time or other indulgences and may deal with the Debtor, other parties and securities as it sees fit.
- 5.7 It is specifically agreed that any impairment of the security held by the Lender for the Debt will not discharge the Debtor, either wholly or partly. The Lender is not required to exercise diligence to enforce its rights against the Debtor.
- 5.8 The Lender may release, surrender, exchange, modify, impair or extend the periods of duration or the time for performance or payment of any collateral securing the obligations of the Debtor to the Lender ("**Collateral**"), and may settle or compromise any claim of the Lender against the Debtor or against any other person or corporation whose obligation is held by the Lender as collateral security for any obligation of the Debtor or the Lender.
- 5.9 This Guarantee is for the use and benefit of the Lender, and it will also be for the use and benefit of any subsequent Lender to whom the Lender may assign this Guarantee.
- 5.10 The liability of the Debtor will continue until payment of every obligation of the Debtor now or later incurred in connection with the Debt is made; and until payment of any loss or damage incurred by the Lender with respect to any matter covered by this Guarantee or any of the agreement is made.
- 5.11 The Debtor waives all rights, by statute or otherwise, to require the Lender to institute suit against the Debtor, and to exercise diligence in enforcing this Guarantee or any other instrument.
- 5.12 All of the Lender's rights, powers and remedies available under this Guarantee and under any other agreement in force now or anytime later between the Lender and the Debtor will be cumulative and not alternative, and will be in addition to all rights, powers and remedies given to the Lender by law or in equity.
- 5.13 The Lender may, at its option, proceed in the first instance against the Debtor to collect the obligations covered by this Guarantee without first proceeding against any other person, firm or corporation and without resorting to any property held by the Lender as collateral security.
- 5.14 The Debtor represents that nothing exists to impair the effectiveness of this Guarantee at the time of the execution and delivery of this Guarantee.
- 5.15 Words of "Guarantee" will in no way diminish or impair the absolute liability created in this Credit Agreement.
- 5.16 The Debtor is required to notify the Lender in writing within five (5) calendar days of any change to their information, now and in the future, provided on applications, on the Signature Page, in any agreements and/or documents.
- 5.17 No suit based on this Guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon the Debtor if and when an envelope containing such demand, addressed to the Debtor at such last known address to the Lender, is posted, postage prepaid, in the post office. This Guarantee extends to the heirs, executors, administrators or legal representatives at the address of the addressee last known to the Lender and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment

has been made, the undersigned shall also be liable to the Lender for all legal fees and costs incurred by or on behalf of the Lender resulting from any action instituted on the basis of this Guarantee. All payments shall be made to the Lender.

- 5.18 The officer signing on behalf of the Debtor acknowledges that he/she has read and understood the obligations of the Debtor in this Credit Agreement and can bind the corporation; and he/she further acknowledges that he/she has had the opportunity to obtain independent legal advice with respect to the terms and conditions in this Credit Agreement including all additional and supplementary agreements and documents.

**6. COPY OF AGREEMENT**

- 6.1 The Debtor hereby acknowledges receipt of a copy of the Credit Agreement including all additional and supplementary agreements and documents.
- 6.2 The Debtor waives its right to receive a copy of any financing statement or financing change statement registered by the Lender, or of any verification statement with respect to any financing statement registered by the Lender.

**7. GOVERNING LAW AND DISPUTE RESOLUTION**

This Credit Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and each Party submits to the exclusive jurisdiction of Ontario courts in any proceeding related to this Credit Agreement. In the event of a dispute, controversy or claim arising out of or relating to this Credit Agreement, including any question regarding its existence, interpretation, validity, breach or termination created by it, the Parties agree to meet to first pursue resolution through negotiation or other appropriate dispute resolution process. If the dispute is not resolved within a reasonable period, then any and all outstanding issues may be submitted to mediation in accordance with any statutory rules of mediation. If mediation is not successful in resolving the entire dispute or is unavailable, any outstanding issues will be submitted to final and binding arbitration before a single arbitrator in accordance with the laws of the Province of Ontario. The arbitrator's award will be final, and judgment may be entered upon it by any court having jurisdiction within the Province of Ontario.

**8. NOTICES AND OTHER COMMUNICATIONS**

The Lender may update its terms and conditions from time to time by notice to the Debtor. Any notice, request, consent, demand, or other communications given or required to be given which provides a reliable proof of delivery is validly given to such Receiving Party upon the date of delivery to the address, electronic email address, phone number or facsimile number of the Receiving Party as it appears in this section, or to the last-known address, electronic mail address, phone number or facsimile number or such other street address, electronic mail address, phone number or facsimile number as the Parties may from time to time direct in writing: (a) if sent by email, at the time shown on the proof of delivery; (b) if sent by fax, at the time shown on the confirmation of transmission; or (c) in the case of courier or personal delivery, when delivered; provided that in each case where delivery occurs after 5 PM, service will be deemed to occur at 9 AM on the following business day. The communication information of the Parties is set forth below:

**To the Lender:**

Soreno HVAC Inc.	Phone:	1 (866) 721-4822
7030 Woodbine Avenue, Suite 500	Email:	Info@SorenoHVAC.com
Markham, Ontario L3R 6G2	Contact:	Legal Department

**To the Debtor:** See the Debtor’s contact information on the Signature Page attached hereto.

**9. AGREE TO TERMS AND CONDITIONS**

**BY CHECKING THIS BOX, you acknowledge that you are the signing officer who is authorized and empowered to take any necessary actions to execute, deliver, represent, and bind the Wholesaler’s corporation (the Debtor in this Credit Agreement) to the terms and conditions of this Credit Agreement and all other agreements and documents with the Lender. You acknowledge that you, representing the Debtor, have read and agreed to the terms and conditions in this Credit Agreement, including Schedule “A” - Additional Provisions and you will agree to all subsequent amendments from time to time forming part of this Wholesaler Credit Agreement.**

[SIGNATURE PAGE FOLLOWS]

**SIGNATURE PAGE** NOTE: This Credit Agreement Is Not Valid Unless Signed By All Parties

IN WITNESS WHEREOF, the Parties hereto have executed the Wholesale Distribution Credit Agreement on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**The Debtor:**

Legal Name of Business: \_\_\_\_\_ Email: \_\_\_\_\_

Business Address (For Notice): \_\_\_\_\_

**To Debtor: By signing below, you represent and warrant that the information contained herein is accurate; that you agree to the terms, provisions and conditions as set out in the Credit Agreement; and that you have authority to bind the corporation of the Debtor.**

Per: \_\_\_\_\_ Date: \_\_\_\_\_ (Month/Day/Year)

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

Email Address (For Electronic Notice): \_\_\_\_\_

I/We have authority to bind the corporation.

Per: \_\_\_\_\_ Date: \_\_\_\_\_ (Month/Day/Year)

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

Email Address (For Electronic Notice): \_\_\_\_\_

I/We have authority to bind the corporation.

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**The Lender:**

**Soreno HVAC Inc.**

Per: \_\_\_\_\_ Date: \_\_\_\_\_ (Month/Day/Year)

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

# Wholesale Distribution Credit Agreement

## Schedule "A" - Additional Provisions

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### 1. PAYMENT ALLOCATION

- 1.1 The Lender may, in its discretion, allocate any payment received from the Debtor towards any invoice that the Lender determines and may do so at the time of receipt or at any time afterwards. On any default by the Debtor, the Lender may re-allocate any payments previously received and allocated. In the absence of any payment allocation by the Lender, payment shall be deemed to be allocated in such manner as to preserve the maximum value of the Lender's Purchase Money Security Interest in the Products.

### 2. RECOVERY OF PRODUCTS

- 2.1 In the event of non-payment or if payment of the Debtor's Account is overdue, the Lender shall be entitled to, without prejudice, any right it has at law or in equity to enter the place where the Products are stored, whether at the Debtor's premises or property or the premises or property of a third party for the purpose of recovering and taking possession of the Products supplied. The Debtor shall act as an agent for the third party and has the full authority of the third party to authorize entry on to the premises or property of the third party for the purpose of recovering the Products supplied without releasing the Debtor from liability.
- 2.2 The Lender will not be responsible for any damage reasonably caused in the course of removal of Products supplied either in the possession of the Debtor or a third party and the Debtor indemnifies the Lender to the full extent in respect of damage caused in the course of removal of such Products from the property of a third party.
- 2.3 The Lender may resell the Products and apply the proceeds towards payment of the Debtor's outstanding Account with the Lender. Any shortfall will remain the liability of the Debtor. The Debtor indemnifies the Lender for all costs and expenses including legal fees and costs which the Lender may incur in recovering the Products and any monies owed to the Lender.
- 2.4 If the Debtor fails to return the Products to the Lender upon demand, then the Lender and/or the Lender's agent may enter upon and into the Debtor's premises or any other premises where the Products are situated as the invitee of the Debtor and take possession of the Products, and the Lender will not be liable for any reasonable loss or damage suffered as a result of any such action by the Lender.
- 2.5 If the Products are attached, fixed or incorporated into any property of the Debtor, by way of any manufacturing or assembly process by the Debtor or any third party, title in the products and services shall remain with the Lender until the Debtor has made payment for all Products. Where those Products are mixed with other property so as to be part of or constituent of any new Products, title to those new Products shall be deemed to be assigned to the Lender as security for the full satisfaction by the Debtor of the full amount owing by the Debtor to the Lender.
- 2.6 Products of the Debtor include, without limitation, all parts, components, attachments, additions, alterations, accessories, improvements and other personal property placed on, added to or appurtenant to the Products; and proceeds of the Debtor include, without limitation, all equipment, such as machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature and kind, etc., instruments, intangibles, chattel paper and documents of title.

### 3. EVENTS OF DEFAULT

- 3.1 The occurrence of any of the following events or conditions shall be deemed as a default ("**Default**"):
- 3.1.1 The non-payment when due, whether by acceleration or otherwise, of any principal or interest forming part of the Debt or the failure of the Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Credit Agreement or any other agreement between the Debtor and the Lender.
- 3.1.2 The death of or a declaration of incompetency by a court of competent jurisdiction with respect to the Debtor.
- 3.1.3 The bankruptcy or insolvency of the Debtor; the filing against the Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by the Debtor; the appointment of a receiver or trustee for the Debtor or for any assets of the Debtor; or the institution by or against the Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise.
- 3.1.4 The institution by or against the Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of the Debtor.

# Wholesale Distribution Credit Agreement

## Schedule "A" - Additional Provisions

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- 3.1.5 If any encumbrance affecting Collateral becomes enforceable against Collateral.
  - 3.1.6 If the Debtor ceases or threatens to cease to carry on business, makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy.
  - 3.1.7 If any execution, sequestration, extent, or other process of any court becomes enforceable against the Debtor, or if a distress or similar process is imposed on the Debtor's assets or any portion thereof.
  - 3.1.8 If any certificate, statement, representation, warranty, or audit report previously or subsequently provided by or on behalf of the Debtor under or in connection with this Credit Agreement or as a means to induce the Lender to extend credit or enter into agreements with the Debtor is found to be materially false or to have omitted any significant contingent or unliquidated liability or claim against the Debtor at the time of its statement or certification, or if there has been a material adverse change in any of the facts disclosed by such certificate, representation, statement, warranty, or audit report at the time of execution of this Credit Agreement, and such change was not disclosed to the Lender prior to or at the time of execution.

#### 4. ACCELERATION

- 4.1 The Lender, in its sole discretion, may declare all or any part of the outstanding Debt not designated as immediately payable upon demand to be due and payable immediately without demand or notice of any form, whether or not in default, or if the Lender considers itself insecure or perceives the Collateral to be at risk. No provision herein is intended to affect any rights of the Lender concerning any Debts which may now or in the future be payable upon demand.

#### 5. REMEDIES

- 5.1 Upon default, the Lender may appoint or reappoint by instrument in writing, directly or through its agents or nominees, any person to be a receiver ("**Receiver**") of Collateral and may remove any Receiver so appointed and appoint another in its stead. Any such Receiver shall be considered, in terms of responsibility for their actions, as the agent of the Debtor and not of the Lender. The Lender shall not be held accountable in any manner for any misconduct, negligence, or failure to act on the part of such Receiver, their employees, agents, or servants. Any such Receiver shall have the power outlined in the provisions of the appointment instrument to, at its own discretion, exercise such rights and options pursuant to the Debtor's Collateral and business operation. All funds received by the Receiver in the execution of their appointment shall be held in trust for and delivered to the Lender unless otherwise directed by the Lender. At the discretion of the Lender, each Receiver may be granted some or all of the rights and powers vested in the Lender.
- 5.2 Upon default, the Lender has the authority to seize, retrieve, demand, litigate, enforce, reclaim, and accept Collateral by providing valid and enforceable receipts and releases in relation to it. Additionally, the Lender may sell, lease, or otherwise dispose of Collateral in such manner, at such time and place, such consideration, and upon such terms and conditions as the Lender deems reasonable.
- 5.3 In addition to those rights granted herein and in any other agreements now or in the future in effect between the Debtor and the Lender and in addition to any other rights the Lender may have at law or in equity, the Lender shall have, both before and after default, all rights and remedies of a secured party under the PPSA. The Lender shall not be liable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to institute any proceedings for such purposes. The Lender shall have no obligation to take any steps to preserve rights against prior parties to any instrument or chattel paper, whether Collateral or proceeds and whether or not in the Lender's possession and shall not be liable or accountable for failure to do so.
- 5.4 The Debtor acknowledges that the Lender or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and the Debtor agrees upon request from the Lender or any such Receiver to assemble and deliver possession of Collateral at such place as directed.
- 5.5 The Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by the Lender or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating the Debtor's accounts, in preparing or enforcing this Credit Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Debt and all such costs, charges and expenses together with any amounts owing as a result of any borrowing by the Lender or any Receiver appointed by it, as permitted, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

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## Schedule "A" - Additional Provisions

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- 5.6 As may be required by the PPSA, the Lender will give the Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made.
  - 5.7 The Debtor hereby authorizes the Lender to file such financing statements, financing change statements and other documents and do such acts, matters and things as the Lender may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest. The Debtor hereby irrevocably constitutes and appoints the Lender to be the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever it may be deemed necessary or expedient.
  - 5.8 The Lender may, in its sole discretion, set off any amounts owed to the Debtor by the Lender, whether or not due, and the Lender shall be deemed to have exercised such right of setoff immediately upon its decision to do so even if any corresponding entry or charge is recorded on the Lender's records at a later time.
  - 5.9 If the Debtor fails to fulfill any of its duties, the Lender may, but not obligated to, perform any or all of such duties. In such cases, upon written demand, the Debtor must promptly pay the Lender for any expenses incurred, plus interest of 2% per month calculated and charged on a daily basis, from the date such expense is incurred until it is paid.
  - 5.10 The Lender may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with Collateral and other security as the Lender may see fit without prejudice to the liability of the Debtor or the Lender's right to hold and realize the Security Interest. The Lender may demand, collect and sue on Collateral in either the Debtor's or the Lender's name, at the Lender's option, and may endorse the Debtor's name on any cheques, commercial paper, and any other instruments pertaining to or constituting Collateral.
  - 5.11 No delay or omission by the Lender in exercising any right or remedy with respect to any indebtedness shall operate as a waiver of any other right or remedy, and any such exercise shall not preclude any other or further exercise of any other right or remedy. The Lender may remedy any default by the Debtor with respect to any indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Debtor. All rights and remedies of the Lender granted or recognized are cumulative and may be exercised at any time and from time to time independently or in combination.
  - 5.12 The Debtor waives protest of any instrument constituting Collateral at any time held by the Lender on which the Debtor is in any way liable and waiving its right to notice of any other action taken by the Lender.
  - 5.13 This Credit Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Credit Agreement and the Security Interest or any part thereof to enforce any rights, the Debtor shall not assert against the assignee any claim of defence which Debtor now has or in the future may have against the Lender. If more than one Debtor executes this Credit Agreement, the obligations of such Debtors shall be joint and several.
  - 5.14 The Lender may provide any financial and other information it has about the Debtor, the Security Interest and the Collateral to any interested party acquiring or who may acquire an interest in the Security Interest or the Collateral.
  - 5.15 The Security afforded is in addition to and not in substitution for any other Security now or later on held by the Lender, and is intended to be a continuing Credit Agreement and shall remain in full force and effect until the Lender actually receives a written notice of its discontinuance and all Debts contracted for or created before, and any extensions or renewals made before or after the notice, together with all accrued interest be paid in full.
  - 5.16 The Lender shall not be in any way obligated to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness.
  - 5.17 The Security Interest created is attached when this Credit Agreement is signed by the Debtor and delivered to the Lender.
  - 5.18 The Debtor acknowledges and agrees that in the event of its amalgamation with another company, the term "Debtor" shall apply to each of the amalgamating and amalgamated parties; and that Security Interest granted shall attach to Collateral owned or acquired thereafter; and any indebtedness arising thereafter shall extend to Collateral owned by the involved parties to the Lender.



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### 6. GENERAL PROVISIONS

- 6.1 Time is of the essence in this Credit Agreement.
- 6.2 This Credit Agreement constitutes the entire agreement between the Parties and supersedes any previous express or implied agreement or representation with respect to the matters set forth in this Agreement.
- 6.3 The Lender may update its terms and conditions from time to time by notice to the Debtor and the Parties are deemed to have accepted such terms and conditions if no rejection or opt-out request is received by the Lender within three (3) calendar days.
- 6.4 No alteration or waiver of any of the terms and conditions under this Credit Agreement will be binding upon the Lender unless made in writing over the signature of the Lender or its representative.
- 6.5 Failure by the Lender to enforce any of the terms, provisions or conditions under this Credit Agreement shall not be deemed a waiver of any of the rights or obligations the Lender has under this Credit Agreement.
- 6.6 The rights granted to the Debtor under the Credit Agreement are not assignable without the prior written consent of the Lender. Any attempted assignment without the consent of the Lender is void ab initio. The Lender may assign its rights and obligations under this Credit Agreement without the prior written consent of the Debtor.
- 6.7 This Agreement shall be binding upon and inure to the benefit of the Parties hereto, and their respective representatives, successors and permitted assigns.
- 6.8 Any reference to any of the Parties includes that Party's executors, administrators or permitted assigns, or if a company, its successors or permitted assigns or both. Any reference to more than one person binds and benefits those persons jointly and severally.
- 6.9 This Credit Agreement may be executed in any number of counterparts and each counterpart constitutes an original instrument, but all such separate counterparts constitute only one and the same instrument.
- 6.10 If any provision in this Credit Agreement, as amended from time to time, shall be deemed invalid, illegal or unenforceable, that provision is severed from this Credit Agreement and all other provisions shall remain in force.
- 6.11 Each of the Parties hereby acknowledges that it has been afforded the opportunity to obtain independent legal advice and confirms that it understands the nature and consequences of this Credit Agreement and all additional and supplementary agreements and documents.
- 6.12 In no event shall the Lender be liable for any incidental, consequential, direct, indirect, punitive or special damages arising from any claims out of this Credit Agreement.
- 6.13 Headings are inserted for the convenience of the Parties only and do not in any way limit or amplify the terms and provisions of this Credit Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine mean and include the feminine and vice versa. Words in the neuter mean and include the masculine and feminine and vice versa.