**COLLATERAL DEBENTURE**

This Collateral Debenture, herein referred to as “The Agreement”, which was made and shall take its effect on [DATE], is BETWEEN:

[YOUR COMPANY’S NAME], herein referred to as “The Holder” an organization/individual existing under the laws and constitution of the [STATE/PROVINCE] of the [SPECIFY THE STATE/PROVINCE], with the location of its main office at:

[COMPLETE ADDRESS OF YOUR COMPANY]

AND:

[COMPANY’S NAME], herein referred to as “The Company” an organization/individual existing under the laws and constitution of the [STATE/PROVINCE] of the [SPECIFY THE STATE/PROVINCE], with the location of its main office at:

[COMPLETE ADDRESS OF THE COMPANY]

1. RECITALS

For value received, [COMPANY’S NAME] (“The Company”) recognizes itself indebted and guarantees and assures to pay to [COMPANY’S NAME] (“The Holder”), at the offices of the Holder, in the City of [CITY], State/Province of [SPECIFY STATE/PROVINCE], the principal sum of $[AMOUNT] of lawful money of [COUNTRY] and to pay the interest hereon as written in paragraph 3(a) of this Agreement 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 money to the Company, until payment of all the money, which may from time to time be owing under this Agreement or in accordance thereto, and also to pay all other amounts of money, which may from time to time be owing under this Agreement or in accordance hereto.

2. PRINCIPAL AMOUNT

Subject to the provisions of this Debenture, the principal amount of this Debenture shall mature and become due and is to be paid under the demand of the Holder upon prior written notice of [NUMBER] days.

3. INTEREST PAYMENTS

1. This Debenture shall bear interest at the rate per annum of [PERCENTAGE]%.
2. It is mutually agreed upon by both of the parties that the taking of a judgement or judgements under any of the provision found in this Agreement shall not function as a merger of the said covenants or affect the right of the Holder to interest and additional interest at the rate and times aforementioned.

4. SECURITY

As security for the said payment of the principal, interest and other moneys from time to time owing on this Debenture, and the execution by the Company of all its obligations under this Agreement, but subject to Permitted Encumbrances in favor of the Company’s bankers, [SPECIFY BANK], the Company hereby charges as and by the way of a fixed and specific mortgage and charge, to and in favor 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 the Permitted Encumbrances in favor of the [SPECIFY BANK], the Company hereby then charges as and by way of a floating charge to and in favor of the Holder of the Collateral Debenture of the Company and the undertaking of the Company and all its property and the assets for the time being, both the present and the 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 shall in no way stop the Company in any way, at any time and from time to time until the security established hereby shall 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 also hereby stated that the last day of any term of years reserved by any lease, whether oral or written, or any agreement therefore, now held or hereafter obtained by the Company, is hereby and shall be accepted out of the floating charge created hereby. As further security for the payment of the money secured in this Agreement, the Company also agrees that it shall stand possessed of the reversion of one day staying in the Company in respect of any such term of year, of or to which it may now or hereafter be possessed of the reversion of one day remaining in the Company in respect 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.

5. 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. approve to any addition to, deletion from or other modifications of the terms and provisions of the Collateral Debenture;
2. waive any breach by the Company of any of the provision that is found in the Collateral Debenture or any default by the Company in the observance or execution of any condition written in the [SPECIFY SERIES] Debenture; given that no act or action by the Collateral Debenture Holder in the Mortgaged Premises shall extend or be taken in any manner whatsoever to affect any subsequent violation or the rights that is caused therefrom;
3. appoint a receiver or receivers of the subject matter of this Agreement of the security hereby established or any portion thereof and remove any receiver or receivers so appointed and appoint another or others in his or their place;
4. take any other action necessitated and allowed by the terms of the Collateral Debenture to be taken by the Holder thereof; and
5. for any of the purposes aforementioned to appoint an agent, solicitor, counsel or other adviser with exclusive authority to represent and act for the Holder in all transactions with the Company and any other individual or individuals involved.

6. HABENDUM

To have and to hold the Mortgaged Premises and the mortgages, pledges and charges thereof under this Agreement and all rights discussed to the Holder for the purpose and with the powers and authorities and subject to the terms and conditions as stated in this Agreement.

7. DISCHARGE AND SATISFACTION

If the Company shall have first paid to the Holder the principal of this Debenture and all of the interest and other amount of money hereby secured at all times and in the method herein given, and shall have observed and executed the covenants and undertakings herein contained, then these presents shall stop and become null and void, and the Mortgaged Premises shall 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.

8. MORTGAGED PREMISES

Until the security hereof shall 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 performed.

9. NOTICES

Any notice necessitated or wishes to be delivered under this Agreement may be sent by mailing the same through registered mail, postage prepaid, to the Holder at its offices in the City of [STATE/PROVINCE], Province of [STATE/PROVINCE], and to the Company at its address written according to this Agreement. Any notice that was given shall be considered to have been received on the second business day following the day of the mailing. Any address for notice herein referred to may be changed by notice in writing provided in accordance thereto.

10. COVENANTS

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

11. BINDING EFFECT

These presents are binding upon the parties involved in this Agreement and their respective successors and assigns.

IN WITNESS WHEREOF, each party involved have made and executed this Agreement at [PLACE] on the date first stated above.

FOR HOLDER FOR COMPANY

[AUTHORIZED SIGNATURE] [AUTHORIZED SIGNATURE]

[NAME] [NAME]

[JOB TITLE] of [DEPARTMENT NAME] [JOB TITLE] of [DEPARTMENT NAME]