

FORM PTO-1618A  
Expires 06/30/99  
OMB 0651-0027

12-04-1998

U.S. Department of Commerce  
Patent and Trademark Office  
**TRADEMARK**



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**RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY**

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

**Submission Type**

- New
- Resubmission (Non-Recordation)  
Document ID #
- Correction of PTO Error  
Reel #  Frame #
- Corrective Document  
Reel #  Frame #

**Conveyance Type**

- Assignment
- Security Agreement
- Merger
- Change of Name
- Other
- License
- Nunc Pro Tunc Assignment
- Effect. Date:   
Month Day Year  8-24-98



11-13-1998

U.S. Patent & TMO/TM Mail Rcpt [1] -1

**Conveying Party**

Mark if additional names of conveying parties attached

Name  iClassified Inc./iClassé Inc.

Execution Date  
Month Day Year

8-24-98

Formerly

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other

Citizenship/State of Incorporation/Organization  Canada

**Receiving Party**

Mark if additional names of receiving parties attached

Name  National Bank of Canada

DBA/AKA/TA

Composed of

Address (line 1)  600 de La Gauchetière Street West

Address (line 2)

Address (line 3)  Montreal  Quebec  H3B 4L2

City

State/Country

Zip Code

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other
- Citizenship/State of Incorporation/Organization  Canada

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document attached from Assignment.)

12/02/1998 DNGUYEN 00000296 75376456

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DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:  
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**TRADEMARK**  
**REEL: 1822 FRAME: 0187**

**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages** Enter the total number of pages of the attached conveyance document including any attachments. #

**Trademark Application Number(s) or Registration Number(s)**  Mark if additional numbers attached  
Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

**Trademark Application Number(s)**

**Registration Number(s)**

**Number of Properties** Enter the total number of properties involved. #

**Fee Amount** Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed  Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: #

Authorization to charge additional fees: Yes  No

**Statement and Signature**

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

TIMOTHY P. LINKILA  
Name of Person Signing

Timothy P. Linkila  
Signature

11/13/98  
Date Signed

**MOVABLE HYPOTHEC** made as of the twenty-fourth (24th) day of August, nineteen hundred and ninety-eight (1998).

**BETWEEN:**            **NATIONAL BANK OF CANADA**, a chartered bank duly constituted and governed by the *Bank Act (Canada)* (S.C. 1991, c. 46), having its head office at 600 de La Gauchetière Street West, in the City of Montreal, Province of Quebec (H3B 4L2), herein acting and represented by Mr. Paul-Henri Rouleau, its Account Manager, Technology Group, duly authorized as he so declares, a notice of address being published at the Register of Personal and Movable Real Rights under the number 000063;

(hereinafter referred to as the "**Lender**"),

**AND:**                **iCLASSIFIED INC./iCLASSE INC.**, a corporation duly incorporated in virtue of the *Canada Business Corporations Act* (R.S.C. (1985), c. C-44), having its head office and principal place of business at 5005 Jean-Talon West, Suite 110, in the City of Montreal, Province of Quebec (H4P 1W7), herein acting and represented by Mr. Alex Sigal, its Vice-President, Finance, duly authorized for the purposes hereof in virtue of a resolution of the Board of Directors of the Corporation, a certified copy of said resolution being annexed hereto;

(hereinafter referred to as the "**Borrower**").

**WHEREAS** the Lender has granted to the Borrower (i) a term loan at an interest rate of three percent (3%) per annum, variable, above the Lender's Canadian prime rate, for a principal amount not exceeding Three Hundred Thousand Canadian Dollars (Cdn.\$300,000.) to finance seventy-five percent (75%) of the commercialization expenses related to the implementation of services in new cities, under the Programme de financement Garantie Québec sponsored by Investissement Québec, (ii) a term loan at an interest rate of three percent (3%) per annum, variable, above the Lender's Canadian prime rate, for a principal amount not exceeding Four Hundred Thousand Canadian Dollars (Cdn.\$400,000.) to finance seventy-five percent (75%) of the commercialization expenses related to the implementation of services in new cities under the Loan Programme for Technology Firms sponsored by Canada Economic Development, and (iii) a term loan at an interest rate of three and twenty-five hundredths percent (3.25%) per annum, variable, above the Lender's Canadian prime rate, for an amount of One Hundred Thousand Canadian Dollars (Cdn.\$100,000.) to finance seventy-five percent (75%) of the value of computer and telecommunication equipment installed for the operation of the Borrower's services (hereinafter collectively referred to as the "**Loan**"), the whole under the terms and conditions more fully set out in an offer of financing executed by the Lender on July 16, 1998 and accepted by the Borrower on July 17, 1998, said offer of financing being included in this

Agreement to form an integral part hereof, the whole as it was recited at length and hereinafter referred as the "**Financing Agreement**");

**WHEREAS** as additional collateral security for the performance by the Borrower of all of its obligations, present and future, towards the Lender (hereinafter referred to as the "**Obligations**"), including, without limitation, for the due and punctual payment of any and all amounts now and hereafter owing by the Borrower to the Lender in virtue of the Financing Agreement and the performance of all its Obligations under the terms and conditions of this Agreement and the Financing Agreement or any other security agreement, the Borrower has agreed to execute this movable hypothec agreement in favour of the Lender.

**NOW THEREFORE, IN CONSIDERATION** of the promises and respective covenants hereinafter contained and for other valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties hereto have agreed as follows:

1. **MOVABLE HYPOTHEC**

1.1 As additional general and continuing security for the performance of all of the Obligations of the Borrower towards the Lender under the terms and conditions of the Financing Agreement, any other security agreement and this Agreement and, in particular, the repayment of the Loan, as well as the payment of all interest thereon, fees and accessories, and the performance of all its Obligations towards the Lender as set out in the Financing Agreement and in this Agreement, the Borrower hereby hypothecates in favour of the Lender with effect as and from this date, to the extent of the principal amount of Eight Hundred Thousand Canadian Dollars (Cdn.\$800,000.), with interest thereon at the rate of twenty-five percent (25%) per annum, calculated semi-annually and not in advance, the universality of the Borrower's present and future movable property, corporeal and incorporeal, relating to the business of the Borrower, including, without limitation, specific property and present and future property forming part of the universalities hereinafter described, as well as those acquired in replacement thereof and the fruits and revenues therefrom (all of which being hereinafter collectively called the "**Secured Property**"), namely:

**DESCRIPTION**

1.1.1 Universalities of Property

The following universalities of property, namely:

### 1.1.1.1 Debts, Rights and Claims

The universality of all present and future claims owing to the Borrower including any debts, book debts, accounts, client accounts, claims, judgments, demands, income, abatements, remissions, cash balances, money deposits and, without limitation, any amounts deposited or remitted by the Borrower to the Lender in virtue of the Financing Agreement, in any bank account or any amount of whatever nature (including, without limitation, any claims against the Crown and claims under any insurance policy of whatever nature) which may, at any time hereafter, be owed or might be owed in the future to the Borrower, as well as the fruits and revenues therefrom including those acquired in replacement thereof as well as any proceeds from the sale thereof or any part thereof, pertaining or relating, directly or indirectly, to the business operated by the Borrower and also all judgments, hypothecs, suretyships, security and other rights in connection thereto as well as all contracts, securities, bills, notes, policies and other documents now held or owned or which may be hereafter taken, held or owned by the Borrower in respect of said debts, book debts, accounts, client accounts, claims, judgments, demands, income, abatements, remissions, cash balances, money deposits or any part thereof and also all books, documents, records, electronic or otherwise, and paper recordings evidencing or relating to said debts, book debts, accounts, client accounts, claims, judgments, demands, income, abatements, remissions, cash balances, money deposits (all of which being hereinafter collectively called the "**Claims**").

### 1.1.1.2 Equipment

The universality of all existing and future machinery, equipment, professional equipment, materials and vehicles, owned by the Borrower, and their accessories, additions and spare parts, present and future, as well as all books, directions of use, maintenance manuals, files, logbooks, documents, whether electronic or not, regarding said machinery, equipment, professional equipment, materials and vehicles, present or future, including all books, directions of use, maintenance manuals, files, logbooks, documents pertaining to any of their accessories, additions and spare parts.

### 1.1.1.3 Goods in Stock

The universality of all existing and future goods in stock owned by the Borrower, including movable property held for the purpose of being sold, rented or altered by means of transformation or manufacturing process of a good destined for sale or for rent or with respect to services offered, or goods held by third parties with respect to a rental agreement, leasing contract, franchise contract or licence or other agreement executed with the Borrower, regarding raw materials, manufactured or semi-manufactured or treated materials or products, or goods used for packaging. Goods that were part of any goods in stock which, pursuant to an alienation contract executed with respect thereto for the benefit of a third party, shall remain the property of the Borrower pursuant to a reservation of ownership in its favour, and shall be deemed to be goods in stock as long as the ownership thereof is not transferred to such third parties; are also deemed to be goods in stock, goods which, after having been alienated, have again become the property of the Borrower as a result of a resolution, termination or repossession.

### 1.1.1.4 Securities

The universality of all existing and future notes, titles of claims, obligations, shares and any other securities held by the Borrower including any renewal, substitution and addition or other property or securities issued or received upon the purchase, repurchase, conversion or cancellation or upon any other transformation of the said securities.

### 1.1.1.5 Intellectual Property

The universality of all existing and future intellectual property rights, including, as the case may be, any patents and patent applications, copyrights, including in any software, drawings and manuals, trademarks, registered or not, including any goodwill, confidential information, third party licences, usage licences as well as any permits or any other rights which the Borrower possesses or later acquires, relating directly or indirectly thereto including, without limitation, any right pertaining to the registered and unregistered trademarks known as "Telematch" and "iMatch", and Domain names known as "iclassified.com", "i-classified.com", "iclassified.net", "iclass.com", "imatch.com", "i-match.com", "icollaborate.com", "icollaborate.net", "imedic.com", "imedic.net", "idwelling.com",

"iemployment.com", "igaragesale.com", "ijobs.com", ivehicule.com", "ivoyage.com" and iwheels.com", and to the following software iMatch software programs (customer.exe, iMatch.exe, 976.exe and approval.exe), iMatch.com application (in development), CSR.com application (in development) and ijobs application (in development), more fully described in Schedules "A", "B" and "C", as the case may be, attached hereto to form an integral part hereof (hereinafter sometimes collectively called the "**Intellectual Property**").



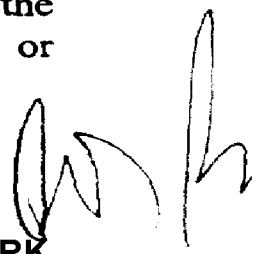
1.1.1.6 Contractual Rights

All rights, title and interests of the Borrower, present or future, in any contract, lease, offer to lease, agreements, supply contracts and in any other document pertaining to the business and operations of the Borrower.

1.1.1.7 Other Property

Without limiting the generality of the foregoing, the following existing and future property (the "**Other Property**"), to the extent that they are not already included in the foregoing descriptions, and which are also affected by the hypothecs and the other rights constituted hereunder:

- (a) all claims, effects or sums of money from the rental, sale or other disposition of the Secured Property, as the case may be, as well as any property acquired in replacement thereof (it being understood that this provision shall not be interpreted as allowing the Borrower to dispose of or charge the Secured Property in violation of the other provisions hereof or of the Financing Agreement);
- (b) all insurance and expropriation rights or indemnities pertaining directly or indirectly to the Secured Property;
- (c) all other rights relating directly or indirectly to the Secured Property as well as the fruits and revenues generated thereby;
- (d) all titles, registers, invoices, contracts, securities and other documents which the Borrower shall receive or have the right to receive evidencing or relating directly or indirectly to the Secured Property, whatever the nature of their support or medium and whatever their form;



- (e) all claims, effects or sums of money from the sale or other alienation of permits, franchises, quotas or other similar authorizations which the Borrower now possesses or may possess in the future.

## 1.2 Extent of the Hypothecs

If numbers or quantities are mentioned in the foregoing descriptions, they must be considered as indicative of the property owned by the Borrower on the date hereof and must not be interpreted as limiting the extent of the hypothecs. If one or more addresses are mentioned, they must be considered as indicative of the place where the assets are located as of the date hereof, and this indication must not be interpreted such that the Lender loses any rights if the Secured Property is relocated, nor as restricting the extent of the hypothecs in respect of the universality or universalities of property mentioned in the said descriptions, the hypothecs charging all the present and future property forming part of that or those universalities, whether they are situated at such addresses or elsewhere.

## 1.3 Additional Hypothec

Should the Lender so require, the Borrower undertakes to grant to the Lender any additional hypothec which the Lender deems reasonable to specifically charge the future property or property acquired in replacement of the Secured Property or to maintain the value of the security granted hereunder.

## 1.4 Continuous Security

The hypothecs and other charges created in virtue of this Agreement shall take effect as of the date hereof, in order to guarantee all the Obligations of the Borrower towards the Lender in connection with the Loan and, in particular, the repayment of all the sums which may have been advanced or which may be advanced by the Lender to the Borrower in connection with the Loan.

The Borrower further agrees with the Lender that the hypothecs and the other security created hereunder shall subsist for the entire duration of the Loan and any renewal, replacement, modification, addition or substitution thereof and in order to guarantee any Obligations of the Borrower towards the Lender, in relation to the Loan and in any event that the Borrower should enter into new agreements towards the Lender relating to the Financing Agreement and any other security created hereunder, the Financing Agreement and the security will subsist and guarantee all Obligations of the Borrower towards the Lender, including the Loan or any of its renewal, replacement, modification, addition or substitution thereof, and each of said new agreement of the Borrower, until total and final cancellation of the hypothecs and the other rights granted hereunder.



1.5 Renewal and Conservation

The Borrower undertakes to execute without delay, at the request of the Lender, any notice of renewal or conservation of the present hypothecs as well as any other deed or document in order that the hypothecs and the other rights constituted in virtue of this Agreement have full effect and remain at all times opposable to third persons.

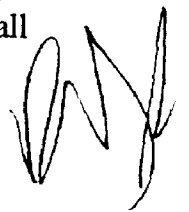
2. ADDITIONAL HYPOTHEC

To secure the payment of all sums payable to the Lender under any provisions of the Financing Agreement or this Agreement and which are not secured by the other hypothecs created herein, including without limitation, the interest, costs, expenses and accessories relating to the Loan, all expenses and fees incurred by the Lender in order to protect or realize upon its rights and the performance of all Obligations herein set forth and in the Financing Agreement, with interest on all such amounts from the date of disbursement at the annual rate herein stipulated, the Borrower hypothecates the Secured Property in favour of the Lender for a further additional sum of One Hundred and Sixty Thousand Canadian Dollars (Cdn.\$160,000.) with interest thereon at the rate mentioned above in Article 1 hereof.

3. SPECIAL PROVISIONS WITH RESPECT TO THE CLAIMS AND THE OTHER PROPERTY

3.1 Until notice to the contrary, the Lender hereby authorizes the Borrower to collect the Claims and the Other Property and the Borrower undertakes to act with diligence and in accordance, as the case may be, with the instructions of the Lender. The Borrower shall use the amounts collected for repayment of the Loan, in accordance with terms agreed upon with the Lender, and may use any excess amount to pursue its business activities.

3.2 Upon the occurrence of an Event of Default (as hereinafter defined) by the Borrower, the Lender may withdraw its authorization for the Borrower to collect the Claims and the Other Property. The Lender shall inform the Borrower all debtors of the Claims and the Other Property of such withdrawal by means of the notice required by law and duly registered. The debtors of all Claims and the Other Property shall comply with the notice received from the Lender and thereafter shall pay all Claims and the Other Property to the Lender without inquiry into the state of accounts between the Lender and the Borrower. The Lender may then, but shall not be obliged to, collect the Claims and the Other Property in capital and interest. The Borrower shall grant open access to its premises, remit to the Lender all titles, documents or effects evidencing the Claims and the Other Property or which might be necessary or useful for the collection or recovery thereof and shall sign all



documents necessary or useful for such purpose and collaborate, as the case may be, in the collection or recovery of the Claims and the Other Property.

- 3.3 Without limiting the generality of the foregoing, upon the occurrence of an Event of Default, the Lender is irrevocably authorized, as the Borrower's mandatary, to:
- 3.3.1 grant delays, take or abandon securities;
  - 3.3.2 grant acquittances, mainlevées, with or without consideration, and other cancellations;
  - 3.3.3 endorse all cheques, drafts, notes and other negotiable instruments issued in payment of the Claims and the Other Property;
  - 3.3.4 take conservatory measures and appropriate proceedings to obtain payment of the Claims and the Other Property;
  - 3.3.5 negotiate and settle out of Court with the debtors of the Claims and the Other Property, their trustee if there is a bankruptcy or insolvency, or any other legal representative, the whole as it deems appropriate; and
  - 3.3.6 deal with any other matter relating to the Claims and the Other Property, in its discretion, without the intervention or the consent of the Borrower, the Lender not being liable for any loss, damages, material damages or prejudice which may result from its fault, other than intentional or gross fault, or from the fault of one of its representatives in the collection or recovery of the Claims and the Other Property or the failure to collect or recover the Claims and the Other Property.
- 3.4 If, despite the withdrawal of authorization by the Lender, as provided for in Subsection 3.2 hereof, amounts payable in virtue of the Claims and the Other Property are paid to the Borrower, the Borrower shall receive such amounts as mandatary or depository of the Lender and shall deliver them to the Lender upon receipt.
- 3.5 If the Lender collects all or part of the Claims and the Other Property, it may, in its absolute discretion, impute the sums it collects in the manner stipulated in Article 4 of this Agreement, notwithstanding any legal provisions on imputation of payments.
- 3.6 If, following the failure of the debtor of a Claim and the Other Property to perform its obligations, the Borrower does not promptly exercise the recourses and guarantees available to it by law or the rights relating to the Claims and the Other Property, the Lender may then, in its discretion, choose to exercise such recourses



and guarantees. The Lender may require that the sums collected be remitted to it in order to be imputed in accordance with Article 4 of this Agreement.

- 3.7 The Lender may appoint an agent or agents to act on its behalf in connection with the collection of the Claims and the Other Property including, without limitation, any demand, mise en demeure, procedure, alienation or other transaction relating to the Claims and the Other Property, and may pay to such agent or agents reasonable fees (including legal fees), such fees to be added to and to be considered as forming part of the Loan.
- 3.8 If, according to legal provisions that might be applicable to them, certain Claims or part of the Other Property may not be hypothecated without the Borrower incurring a default under said provision, or not conforming to certain formalities, the hypothecs constituted under this Agreement shall be deemed to have been granted under the suspensive condition of obtaining any consent or authorization required or the fulfilment of any required formality regarding said Claims and Other Property and shall take effect retroactively as of the date of execution of this Agreement, at the exact time when said consent or authorization was obtained or the fulfilment of said formalities. The Borrower covenants to obtain diligently any consent and authorization, when required, and to fulfil all formalities necessary so that the Claims and the Other Property herein mentioned be validly hypothecated without placing the Borrower in default and by respecting all appropriate formalities.
- 3.9 The Borrower shall ensure that all the formalities required for the publication provided for by law have been completed in order to render the hypothecs, prior claims or other rights, present and future, of the Borrower, opposable towards third persons.
- 3.10 The Borrower undertakes to inform the Lender without delay of any delay in the payment of one or another of the Claims and the Other Property and to provide the Lender with any information required regarding the hypothecs, prior claims or other rights which may benefit the Claims and the Other Property after the signature hereof.

#### 4. **APPLICATION OF PAYMENTS**

Except as otherwise provided for under the terms and conditions of the Financing Agreement and notwithstanding any law, usage or custom to the contrary, the receipt by the Lender of any payment made to it for taxes, rents, indemnities under insurance policies and any other sums received from the Borrower or collected by virtue of the Financing Agreement or this Agreement may be imputed to the repayment of any amounts disbursed by the Lender for the purpose of protecting its rights in the Secured

Property or realizing its rights and shall not operate as payment of any sum whatsoever owing to it unless such payments are expressly applied by the Lender in reduction of the said sum owing and only to the extent of such application.

5. **SCOPE OF THE SECURITY**

The hypothecs and the security created hereunder are in addition to and not in substitution of any other hypothec or security held by the Lender in connection with the Loan. The hypothecs and the security created hereunder are continuous security which shall subsist despite any acquittance, total or partial, of the obligations secured by this Agreement.

6. **REPRESENTATION AND WARRANTIES OF THE BORROWER**

6.1 In addition to the representations and warranties of the Borrower under the terms and conditions of the Financing Agreement, the Borrower represents and warrants to the Lender that:

6.1.1 the head office and the principal place of business of the Borrower are located at 5005 Jean-Talon West, Suite 110, in the City of Montreal, Province of Quebec (H4P 1W7), and the Borrower does not do business anywhere else, save and except for (i) 4636 Kingston Road, Suite 5, West Hill, Ontario (M1E 2P6), (ii) 15 Court Square, Suite 360, Boston, Mass. 02108, U.S.A. and (iii) in Philadelphia (to be confirmed);

6.1.2 the Secured Property is located at its head office and principal place of business in the Province of Quebec and is not to be used outside of the Province of Quebec save and except for (i) 4636 Kingston Road, Suite 5, West Hill, Ontario (M1E 2P6), (ii) 15 Court Square, Suite 360, Boston, Mass. 02108, U.S.A. and (iii) in Philadelphia (to be confirmed);

6.1.3 the Borrower is the sole and absolute owner of the Secured Property and there are no hypothecs, charges, security or other encumbrances whatsoever on the Secured Property, save and except for:

6.1.3.1 a movable hypothec without delivery, in favour of the Lender, published at the Register under the number 97-0082834-0001; and

6.1.3.2 a movable hypothec without delivery, in favour of the Lender, published at the Register under the number 97-0082832-0001;

6.1.4 the Borrower has full corporate power and capacity to carry on the business presently carried on by it, own its properties and assets, and enter



into and perform its Obligations under the Financing Agreement and this Agreement and has duly authorized, executed and delivered the Financing Agreement and this Agreement; and

- 6.1.5 any and all representations herein mentioned and in the Financing Agreement and this Agreement as well as any certificates or documents provided by or on behalf of the Borrower for the benefit of the Lender are pertinent and shall remain in force without time limits. The Lender shall be deemed to have relied upon such representations and warranties of the Borrower contained herein and in the Financing Agreement and this Agreement, notwithstanding any investigation conducted by the Lender.
- 6.2 Without limiting the generality of the foregoing, the Borrower hereby represents and warrants, with respect to the Intellectual Property, the following:
- 6.2.1 as of this day, Schedule "A" annexed hereto, signed for identification by the Borrower and the Lender, illustrates the complete list of all trademarks, registered or not, owned by the Borrower, and Schedule "B", also signed for identification by the Borrower and the Lender, illustrates all copyrights, registered or not, including in any software, manuals, drawings, patents, patent applications and confidential information owned by the Borrower;
- 6.2.2 as of this day, Schedule "C", also signed for identification by the Borrower and the Lender, illustrates all licences, subscribed or granted by the Borrower, which have not been modified and for which it is not in default;
- 6.2.3 the Intellectual Property and any applicable registration thereof is valid and enforceable;
- 6.2.4 no claim has been made to the effect that the use of the Intellectual Property infringes upon the rights of any person;
- 6.2.5 with the exception of licences, if any, the Borrower is the sole legal owner and holder of all rights in the Intellectual Property which is free and clear of any charge, save and except for the movable hypothecs without delivery mentioned at sub-paragraph 6.1.3;
- 6.2.6 the Borrower has transmitted the appropriate notices to substantiate its possession of the Intellectual Property and the rights of use thereof to the extent deemed reasonably required to protect the said Intellectual Property;
- 6.2.7 save for the filing hereof at the Canadian Intellectual Property Office, no authorization, consent or other procedure on the part of the Borrower, and no notice to or filing with any governmental or relevant statutory authority is

required (i) for the granting of the security or the execution, delivery and fulfilment of this Agreement by the Borrower or (ii) for the realization or exercise by the Lender of its rights and recourses under this Agreement.

6.2.8 the software or system uses a method of storing, interpreting, processing, manipulating, calculating or reporting dates for all years before and after the year 2000 without errors, omissions and interruptions and at no additional cost for the user.

6.3 All representations and warranties of the Borrower herein stipulated and all certificates or documents provided by or on behalf of the Borrower for the benefit of the Lender are pertinent and shall remain in force without time limits. The Lender shall be deemed to have relied upon the representations and warranties of the Borrower contained herein, notwithstanding any investigation conducted by the Lender.

6.4 The Borrower shall hold harmless and indemnify the Lender for all claims alleging that the Intellectual Property fraudulently imitates or violates the rights of a third party, including all patent rights, copyrights, trademarks, trade secrets or any other intellectual property or contractual rights.

6.5 The Borrower shall submit to the Lender a copy of all rights in the Intellectual Property issued or received in replacement of existing Intellectual Property or for the renewal, replacement or addition thereto, or which have been issued or received upon purchase, repurchase, conversion or cancellation thereof, or upon any other transformation of the Intellectual Property or otherwise, which shall form part of the Intellectual Property.

## 7. COVENANTS OF THE BORROWER

In addition to the covenants undertaken by the Borrower towards the Lender under the terms and conditions of the Financing Agreement, the Borrower covenants to the Lender that:

7.1 it will inform the Lender, without delay, of any changes in its name, trade name, domicile, head office and place of business or in the content or the accuracy of the representations and declarations mentioned in Article 6 hereof;

7.2 it shall pay, when due, all rights, levies, taxes and charges, as well as any claim that may take rank before the hypothecs constituted under this Agreement; upon demand by the Lender, the Borrower shall provide the Borrower with the evidence that it has paid any amounts due under the terms and conditions of the Financing Agreement and this Agreement;

- 7.3 the Borrower shall insure the Secured Property and shall keep it insured against any damages caused by theft and fire and against any other risk that a prudent administrator would protect through insurance, the whole for its full insured value. The Borrower shall also obtain an insurance policy covering any loss of revenue resulting from any loss from or caused to the Secured Property. The Lender is hereby named beneficiary of all indemnities payable under any insurance policies. The Borrower covenants to name the Lender as beneficiary of any insurance policy and said policy shall contain a mortgage clause or comparable provision with respect to hypothecary creditors according to the form established by the Insurance Bureau of Canada. The Borrower shall provide the Lender with a copy of each policy and, at least thirty (30) days before the expiry date or cancellation date of said policy, the Borrower shall provide to the Lender evidence that said policy has been renewed or replaced. The receipt of any indemnities paid or not to the Borrower shall not be considered as payment nor operate novation or diminish, in any way, the rights and privileges of the Lender unless said indemnities be expressly applied by the Lender in reduction of any amounts due under the provisions of the Financing Agreement and this Agreement;
- 7.4 it shall keep the Secured Property free and unencumbered of any real right, hypothecs or suretyship, save and except for the hypothecs mentioned at 6.1.3;
- 7.5 it shall not dispose of the Secured Property otherwise than in the normal operation of its business, save and except if the Lender thereby agrees in writing. Should the Borrower dispose of the Secured Property outside of the normal course of business or operations of the Borrower without the prior written consent of the Lender, the Borrower shall automatically be in default under the terms and conditions of this Agreement and of the Financing Agreement and the Borrower shall be entitled to demand the full and immediate repayment of the Loan, even if said Loan is not yet due. Notwithstanding any disposition, the Borrower shall continue to be obligated to reimburse the Loan and this Agreement shall remain in full force and effect; and
- 7.6 it shall provide the Lender with any piece of information that the Lender may reasonably require regarding the Secured Property or to ascertain that the Borrower does conform to its covenants herein mentioned and in the Financing Agreement. The Borrower shall inform the Lender of any event that might substantially affect the value of the Secured Property or the financial situation of the Borrower.



8. **OBLIGATIONS OF THE BORROWER REGARDING  
MAINTENANCE OF RIGHTS IN THE INTELLECTUAL PROPERTY**

- 8.1 The Borrower shall be diligent and do everything reasonably necessary or desirable to preserve and maintain the Intellectual Property. More particularly, the Borrower shall proceed as follows:
- 8.1.1 register all existing and future Intellectual Property, when applicable and when deemed commercially reasonable by the Lender;
  - 8.1.2 renew, if need be, all registrations regarding the Intellectual Property;
  - 8.1.3 when applicable, file all necessary or desirable transfers to maintain the rights of the Borrower in the Intellectual Property;
  - 8.1.4 pay all costs required for the maintenance of the Intellectual Property;
  - 8.1.5 ensure that all persons having access to the confidential information be a party to a confidentiality agreement to the satisfaction of the Lender;
  - 8.1.6 ensure that the concession of all licences adequately protects the rights of the Borrower in the Intellectual Property;
  - 8.1.7 initiate and institute, in its name, as interested party, for its benefit and at its expense, all legal proceedings or other actions in counterfeiting, unfair competition, depreciation or other damage which shall be, in the opinion of the Borrower acting reasonably for the purposes of its business, necessary to protect its rights in the Intellectual Property rights. The Borrower shall immediately inform the Lender in writing, of any legal proceedings instituted by it and shall provide the Lender with all information which the latter may reasonably require;
  - 8.1.8 the Borrower shall not conclude or renew any agreement which could, in any manner whatsoever, interfere with the obligations of the Borrower under the terms hereof, unless the Lender shall have given its prior written consent thereto;
  - 8.1.9 the Borrower shall stand in for and take up the defence of the Lender against any claim regarding the Intellectual Property alleging that it does infringe or contravene any right of any-third party. The Borrower shall pay all costs and charges with regard to any damages and any reasonable legal fees incurred by the Lender for any such infringement or contravention.



9. **EVENTS OF DEFAULT AND EXPIRY OF TERM**

- 9.1 Unless otherwise specifically provided by law, each of the following events shall constitute an event of default hereunder (herein referred to as "**Event of Default**"):
- 9.1.1 the occurrence of a default under the terms and conditions of the Financing Agreement, this Agreement or any other security agreement or document pertaining to the Loan; or
  - 9.1.2 the failure of the Borrower to make any payment or reimbursement under the terms of the Financing Agreement or this Agreement; or
  - 9.1.3 the failure of the Borrower to comply with any of its Obligations or undertakings under the terms and conditions of the Financing Agreement, this Agreement or pursuant to the law; or
  - 9.1.4 if any of the representations and warranties made by the Borrower under the terms and conditions of this Agreement or the Financing Agreement or any of the Other Security Agreements is erroneous; or
  - 9.1.5 if the Borrower does not comply with any of its undertakings under the terms of any other Obligations towards the Lender,
- 9.2 Subject to the terms and conditions of the Financing Agreement, upon the occurrence of an Event of Default, the Lender may exercise, at its discretion, without any restriction or other prior notice except those provided by law, all rights and recourses to which it is entitled in virtue of the Financing Agreement and any security related thereto, the present Agreement and by law.
- 9.3 Upon the occurrence of an Event of Default, the Borrower undertakes to voluntarily surrender the Secured Property to the Lender at the request of the Lender, in all cases where the Lender has a right to such surrender, unless such surrender denies the Borrower the right to exercise any of its rights under the *Civil Code of Quebec*. The Borrower undertakes not to interfere in any way with the Lender in connection with its taking possession of the Secured Property surrendered by the Borrower. Moreover, the Borrower shall diligently execute all deeds and documents necessary for the surrender of the Secured Property to the Lender.
- 9.4 Any amount paid by the Lender in order to realize or preserve the securities created hereunder shall be payable upon demand and shall bear interest at the interest rate stipulated in the Financing Agreement.

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- 9.5 The Lender shall be deemed to have acted in the best interest of the Borrower and its assignees if the Lender has acted according to its normal evaluation and administration criteria of financial risk in the normal course of its business.
- 9.6 The Lender shall not be obliged to exercise the same hypothecary rights against all the Secured Property.
- 9.7 The representations and warranties, the undertakings and the performances of all the conditions and obligations provided for hereunder and under the Financing Agreement constitute considerations in virtue of which the benefit of the term has been granted by the Lender to the Borrower and, as a result, the Lender may, upon the occurrence of an Event of Default, deprive the Borrower of the benefit of the term.

10. **LAPSE OF TIME**

Subject to the terms and conditions of the Financing Agreement with respect to notices, the mere lapse of time for the performance of any obligation in favour of the Lender, if such Obligation shall not have been performed, shall constitute a default of the Borrower under the terms hereof without the necessity of any notice on the part of the Lender. The rights granted to the Lender may be exercised by the Lender before or after a default on the part of the Borrower under the terms and conditions hereof and of the Financing Agreement and any other Obligations towards the Lender.

11. **PRELIMINARY CONDITIONS**

Notwithstanding the provisions of this Agreement and of the Financing Agreement, the Borrower shall not be entitled to demand that the Lender pay to the Borrower any advances in virtue of the Financing Agreement or this Agreement, as long as the conditions hereinafter set forth and in the Financing have not been fulfilled to the satisfaction of the Lender:

- 11.1 the Lender shall have received a certified report from the Registry attesting the publication of this deed at said Registry;
- 11.2 the Lender shall have obtained from the Borrower the insurance policies requested under the provisions of paragraph 7.3 of this Agreement or the certificates of the insurance brokers confirming the issue of said insurance policies, the whole to the entire satisfaction of the Lender; and
- 11.3 the non-occurrence of any Event of Default under the terms of the Financing Agreement, any other security agreement and this Agreement.

12. **RIGHTS OF THE LENDER UPON THE OCCURRENCE OF AN EVENT OF DEFAULT**

- 12.1 The Borrower hereby appoints the Lender as its irrevocable mandatary, with power of substitution, for the purposes of performing, at all times, all acts and to sign all deeds or documents necessary or useful in order to maintain and preserve the Secured Property and for the exercise of its rights hereunder. In particular, the Borrower hereby waives its right to revoke the said mandate until final repayment of the Loan, in capital and interest, the fees and accessories.
- 12.2 Upon the occurrence of an Event of Default, the Borrower agrees that the Lender may, but is not obliged to, at the expense of the Borrower and upon the occurrence of an Event of Default, for the purposes of protecting or realizing upon the value of the Secured Property:
- 12.2.1 continue or cease the exploitation of the Secured Property, including the transformation and sale of goods in stock;
  - 12.2.2 proceed with the operations carried out by the Borrower in the ordinary course of its business, cease or proceed, in its discretion, with the operation of the business of the Borrower; the Lender may use any equipment or furnishings relating to the operation of the business of the Borrower, as well as its name or head office, its trade marks and any other right in the Intellectual Property and in any incorporeal property of the Borrower;
  - 12.2.3 reimburse on behalf of the Borrower any third person having a claim against the Secured Property;
  - 12.2.4 dispose of any of the Secured Property likely to rapidly depreciate or decrease in value;
  - 12.2.5 use the information it has concerning the Borrower and information obtained during the exercise of its rights;
  - 12.2.6 exercise any right regarding the Secured Property and do anything or sign any document or deed regarding the Secured Property that the Borrower may deem necessary to the exercise of its right;
  - 12.2.7 fulfil any of the undertakings of the Borrower;
  - 12.2.8 use, administer and exercise any right pertaining to the Secured Property;

- 12.2.9 use the premises where the Secured Property is located or any other place where the Borrower operates its business or any other place it deems appropriate;
- 12.2.10 appoint any representative to exercise its rights or perform its obligations hereunder and provide such person with all information it has regarding the Borrower or the Secured Property;
- 12.2.11 when the Secured Property includes securities, have registered, without being required, the Lender or its mandatary, as registered holder of said securities and exercise all the rights accessory thereto, including any right to vote, of conversion or redemption, and proceed with the transfer or endorsement of the securities;
- 12.2.12 when the Secured Property includes stock, the Lender may complete the manufacturing of such stock and do anything necessary or useful for its sale.
- 12.3 The Lender shall only be accountable to the Borrower to the extent of commercial practice and within the delays normally observed by the Lender and the Lender shall not be obliged to make inventory, take out insurance or furnish any other security.
- 12.4 The Lender may itself, directly or indirectly, become owner of the Secured Property.
- 12.5 The Lender may, at the time it exercises its rights, renounce to a right belonging to the Borrower, transact and grant acquittances or mainlevées, even without consideration.
- 12.6 The Lender shall not be liable to maintain the use for which the Secured Property is ordinarily destined, to make it productive or to continue its use or destination. Any sum of money or effect remitted or held by the Lender may be invested, at its discretion, without the Lender being bound by the legislative provisions relating to the investment of property of others.
- 12.7 In the event of a waiver by the Lender of its recourses, hypothecary or otherwise, against the Secured Property, the Lender may, in its discretion, if the Secured Property has been surrendered to it, return the remaining Secured Property to the Borrower, without any warranty or representation, express or tacit on its part, but without prejudice to its other rights and recourses.
- 12.8 In the event the Lender exercises its hypothecary recourse of taking-in-payment and the Borrower requires the Lender to sell the Secured Property, the Borrower acknowledges that the Lender shall not be required to renounce to its recourse of taking-in-payment unless, before the expiration of the time limit to surrender, the Lender: (i) shall have received security which the Lender deems satisfactory to the

effect that the sale will be made at a price high enough for the Lender to be paid its debt in full, (ii) shall have been reimbursed the costs incurred, and (iii) shall have advanced all amounts necessary for the sale of the Secured Property.

- 12.9 In the event that the Lender sells the Secured Property on its own, it will not be required to obtain a prior appraisal from a third party.
- 12.10 The sale of the Secured Property may be made with legal warranty on the part of the Borrower or, at the option of the Lender, with total or partial exclusion of warranty.
- 12.11 The Lender shall not be liable or accountable for any failure or delay to exercise one or another of its rights and recourses, nor for any act or omission committed in good faith by any agent, mandatary, employee or servant of the Lender, and such failure or delay shall not be interpreted as a waiver of the rights and recourses of the Lender. The Lender is only required to exercise reasonable diligence in the exercise of its rights or the performance of its obligations and shall only be liable for its gross or intentional fault.

13. **CUMULATIVE RECOURSES AND WAIVER**

- 13.1 The acceptance by the Lender of any sum owing to the Lender or the exercise by the Lender of any rights or recourses under the terms of this Agreement, the Financing Agreement or at law, following the occurrence of an Event of Default, shall not preclude the Lender from exercising any other rights or recourses, all rights and recourses of the Lender being cumulative and not alternative. The Lender shall be entitled to exercise its rights and recourses against all or any part of the Secured Property, simultaneously or successively and, without restricting the generality of the foregoing, the exercise of its rights and recourses under the terms and conditions of this Agreement by the Borrower or against any part or class of Secured Property shall not be considered as depriving the Borrower to exercise any of its other rights and recourses at its disposal.
- 13.2 Any waiver by the Lender to invoke a breach of any provision, Obligation or condition under the terms and conditions of this Agreement or the Financing Agreement shall not be construed as a waiver of such provision, Obligation or condition, nor a waiver of any subsequent breach of any other provision, Obligation or condition provided for herein and therein. The subsequent acceptance of all amounts owing under the terms and conditions of this Agreement or the Financing Agreement by the Lender or the payment of such sums by the Borrower shall not be construed as a waiver to invoke any prior breach by the Borrower of any provision, Obligation or condition under the terms and conditions of this Agreement or the Financing Agreement even if the Lender was aware of a prior breach at the time of acceptance or payment of said sums.

The Lender shall not be deemed to have waived any provision, Obligation or condition under the terms and conditions of this Agreement or the Financing Agreement unless such waiver has been made in writing.

14. **ACQUITTANCES**

All acquittances and other deeds to which the Lender may become a party shall be approved by legal counsel for the Lender, the whole at the Borrower's expense and the Borrower shall furnish, at its expense, copies of such deeds to the Lender.

15. **SOLIDARY LIABILITY**

In the event that several persons are now or in the future designated as the Borrower, each of such persons is solidarily liable for the obligations set out herein.

16. **INDIVISIBILITY**

Every divisible obligation in favour of the Lender arising out of this Agreement must be performed in its entirety by each heir or legal representative of any person who is liable to the same extent as if it were indivisible.

17. **NOTICES AND ELECTION OF DOMICILE**

17.1 Any notice, request or motion which may or must be done under this Agreement shall be given in writing and signified or personally delivered to the recipient or to an authorized representative of the recipient at the following addresses:

17.1.1 to the Lender, at:

National Bank of Canada  
600 de La Gauchetière Street West  
Montreal, Quebec  
H3B 4L2

Attention: Mr. Paul-Henri Rouleau, Account Manager



17.1.2 to the Borrower:

iClassified Inc./iClassé Inc.  
5005 Jean-Talon Street West  
Suite 110  
Montreal (Quebec)  
H4P 1W7

Attention: Mr. Alex Sigal, Vice-President, Finance

or to such other address as either party may from time to time advise the other by notice in writing.

The date of receipt of any such notice, request or motion shall be the date of its delivery or signification, as the case may be.

If the Lender is unable to find the Borrower at the above-mentioned address, delivery or signification of the said notice, request or motion shall be valid if made to the office of the Prothonotary of the Superior Court for the Judicial District of Montreal where, in such a case, for the purposes hereof, the Borrower elects domicile.

## 18. GENERAL

- 18.1 The intention of the parties hereto is that this Agreement create valid hypothecs and in the event a provision of this Agreement or a part of such provision or the application of such provision to a person or a particular circumstance has been declared or rendered invalid, inapplicable or illegal, or if it has been declared incompatible with the creation of valid hypothecs, then, such provision or such part of such provision or particular application of such provision, as the case may be, shall be considered distinct and separable from the remainder of this Agreement and this Agreement shall continue to remain in force and executory and bind the parties hereto as if this provision or part of this provision or the particular application of this provision was never included.
- 18.2 The Borrower shall pay all legal fees and all disbursements in connection herewith, shall be responsible for all judicial and extra-judicial fees and all expenses incurred by the Lender to recover any part of the Loan not paid or to protect or realize upon the hypothecs created hereunder.
- 18.3 The rights conferred to the Lender hereunder shall enure to the benefit of the successors and assigns of the Lender including any entity resulting from the amalgamation of the Lender with another person.

- 18.4 The word "Lender" shall include all successors of the National Bank of Canada and any assignee of its rights.
- 18.5 In any place where the context requires it, the word "Borrower" shall include any authorized acquirer of the Secured Property.
- 18.6 In any place where the context requires it in this Agreement, the singular number herein set forth shall be interpreted as plural and the masculine gender as either feminine or neuter and vice versa.
- 18.7 The headings included in this Agreement have been included for reference purposes only and shall not have the effect of restricting or broadening the scope or meaning of this Agreement and its provisions.
- 18.8 In case of conflict between the provisions of the Financing Agreement and those of this Agreement, the provisions of this Agreement shall have precedence upon the provisions of the Financing Agreement.
- 18.9 The hypothecs created under this Agreement shall not be construed as floating hypothecs within the meaning of Article 2715 and following of the *Civil Code of Quebec*.
- 18.10 This Agreement shall be governed and interpreted by the law in force in the Province of Quebec.

19. **LANGUAGE**

The parties hereto have requested that this document be drawn up in the English language. Les parties aux présentes ont exigé que ce document soit rédigé en langue anglaise.

**SIGNED** at the City of Montreal, Province of Quebec, on the date first mentioned above.

**NATIONAL BANK OF CANADA**

Per: \_\_\_\_\_

  
Paul-Henri Rouleau, Account Manager

**iCLASSIFIED INC./CLASSE INC.**

Per: \_\_\_\_\_

  
Alex Sigal, Vice-President, Finance



**SCHEDULE "A"**

**LIST OF TRADEMARKS AND DOMAIN NAMES**

**TRADEMARKS**

"Telematch" Canada TMA 437,819 dated December 30, 1994

"iMatch" Not yet registered

**DOMAIN NAMES**

"iclassified.com"

"i-classified.com"

"iclassified.net"

"iclasse.com"

"imatch.com"

"i-match.com"

"icollaborate.com"

"icollaborate.net"

"imedic.com"

"imedic.net"

"idwelling.com"

"iemployment.com"

"igaragesale.com"

"ijobs.com"

"ivehicule.com"

"ivoyage.com"

"iwheels.com"



**SCHEDULE "B"**

**LIST OF COPYRIGHTS, PATENTS  
AND CONFIDENTIAL INFORMATION**

**CANADA (on May 26, 1997) AND U.S. (June 5, 1997) COPYRIGHT APPLICATIONS  
FOR:**

iMatch software programs (customer.exe, iMatch.exe, approval.exe, 976.exe)



iMatch.com application (in development)

CSR.com application (in development)

ijobs application (in development)

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**SCHEDULE "C"**  
**LIST OF LICENSES**

N/A

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**CERTIFIED EXTRACT OF A RESOLUTION OF THE BOARD OF DIRECTORS OF  
iCLASSIFIED INC./iCLASSÉ INC. ADOPTED ON THE TWENTY-FIRST (21ST) DAY  
OF AUGUST, NINETEEN HUNDRED AND NINETY-EIGHT (1998)**

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**MOVABLE HYPOTHEC**

**RESOLVED:**

1. " **THAT** the corporation be and it is hereby authorized to enter into a movable hypothec on the universality of its present and future movable property, corporeal and incorporeal, rights, titles and assets, including its intellectual property, in the amount of 800 000 \$, as well as an additional hypothec in the amount of 160 000 \$, and any proceeds thereof, the whole in accordance with a movable hypothec to intervene between the National Bank of Canada and the Corporation, a draft of which is deposited before the Board of Directors of the Corporation and is hereby approved; and
2. **THAT** Alex Sigal, the Corporation's Vice-President, Finance, be and he is hereby authorized and instructed to execute the said movable hypothec for and on behalf of the Corporation, as well as any other document pertaining to this transaction, to effect any modification thereto and to do or to cause to have done anything that he may, in his sole discretion, deem necessary, useful or appropriate in order to give full effect to this resolution."

—◆—

The undersigned, Vice-President, Finance, of the Corporation, hereby certifies that the text appearing above is a true extract of a resolution adopted by the Board of Directors of iClassified Inc./iClassé Inc. on August 21, 1998 and that said resolution remains in full force and effect.

Montreal, August 24, 1998

\_\_\_\_\_  
Alex Sigal

