

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
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NATURE OF CONVEYANCE:	General Security Agreement
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CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Brushstrokes Fine Art Inc.		11/07/2005	CORPORATION: ONTARIO

RECEIVING PARTY DATA

Name:	Catalyst ABL Finco Inc.
Street Address:	79 Wellington Street West
Internal Address:	TD Waterhouse Tower, TD Bank Centre, Suite 3475, P.O. Box 212
City:	Toronto
State/Country:	ONTARIO
Postal Code:	M5K 1J3
Entity Type:	CORPORATION: ONTARIO

PROPERTY NUMBERS Total: 5

Property Type	Number	Word Mark
Serial Number:	75298892	BRUSHSTROKES
Serial Number:	78526703	3-D MEDIA
Serial Number:	73621349	
Registration Number:	2281999	BRUSHSTROKES
Registration Number:	1469371	

CORRESPONDENCE DATA

Fax Number: (919)416-8339
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Phone: 919 286-8049
 Email: PTO_TMconfirmation@mvalaw.com
 Correspondent Name: Moore & Van Allen PLLC
 Address Line 1: 430 Davis Drive
 Address Line 2: Suite 500
 Address Line 4: Morrisville, NORTH CAROLINA 27560

OP \$140.00 75298892

ATTORNEY DOCKET NUMBER:	020805.1GENLSECAGREETJJ
NAME OF SUBMITTER:	Joyce W. Jenzano
Signature:	/Joyce W. Jenzano/
Date:	01/09/2006

Total Attachments: 16

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GENERAL SECURITY AGREEMENT

THIS AGREEMENT made as of the 7th day of November, 2005

BETWEEN:

CATALYST ABL FINCO INC., a corporation incorporated under the laws of the Province of Ontario

(herein called the "Lender")

- and -

BRUSHSTROKES FINE ART INC., a corporation incorporated under the laws of the Province of Ontario

(herein called the "Borrower")

WITNESSES that, in consideration of the promises contained herein and other good and valuable consideration, the Borrower agrees with the Lender as follows:

ARTICLE 1 INTERPRETATION

1.01 Loan Agreement. All capitalized terms which are used herein which are not otherwise defined herein have the respective meanings ascribed thereto in the Loan Agreement.

1.02 Defined Terms. In this agreement, unless there is something in the context or subject matter inconsistent therewith,

"**Act**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto.

"**Collateral**" means all undertaking, personal property and assets of the Borrower now owned or hereafter acquired and any proceeds from the sale or other disposition thereof, all of which is further described, without limitation, in Section 2.02.

"**Loan Agreement**" means the loan agreement made as of the date hereof between the Lender and the Borrower, as the same may be amended, modified, replaced, restated, revised or supplemented from time to time, pursuant to which the Lender established certain credit facilities in favour of the Borrower.

1.03 Other Usages. References to "this agreement", "hereof", "herein", "hereto" and like references refer to this General Security Agreement and the Schedules hereto, as the same may be amended, modified, replaced, restated, revised or supplemented from time to time, and not to any particular Article, Section or other subdivision of this agreement.

number will include the plural, and vice versa, and the use of any gender will be applicable to all genders.

1.05 Headings. The division of this agreement into Articles and Sections and the insertion of headings in this agreement are for convenience of reference only and will not affect the construction or interpretation of this agreement.

1.06 Currency. Unless otherwise specified herein, all statements of or references to dollar amounts in this agreement will mean lawful money of Canada.

1.07 Applicable Law and Attornment. This agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts will have non-exclusive jurisdiction to determine all disputes relating to this agreement.

1.08 Prohibited Provisions. In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this agreement will be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part will not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid will remain in full force and effect.

1.09 Time of the Essence. Time will in all respects be of the essence of this agreement, and no extension or variation of this agreement or any obligation hereunder will operate as a waiver of this provision.

1.10 Schedules. Each and every one of the schedules which is referred to in this agreement and attached to this agreement will form a part of this agreement.

ARTICLE 2 SECURITY INTEREST

2.01 Grant of Security Interest. As general, continuing and collateral security for the payment and performance of all Obligations, the Borrower hereby grants to the Lender a security interest in the Collateral.

2.02 Description of Collateral. The following undertaking, property and assets of the Borrower will be subject to the security interest in favour of the Lender created by this agreement:

(a) Accounts

all debts, amounts, claims and moneys which now are, or which may at any time hereafter be, due or owing to or owned by the Borrower, whether or not earned by performance including, without limitation, all intercompany loans and advances made by the Borrower to its affiliates; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Borrower, in respect of the said debts, amounts, claims and moneys or any part thereof; and all books, documents and

(b) Inventory

all goods or chattels now or hereafter forming the inventory of the Borrower including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale or resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, all of which are herein called the "Inventory";

(c) Equipment

all equipment now owned or hereafter acquired by the Borrower, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all drawings, specifications, plans and manuals relating thereto, and any other tangible personal property which is not Inventory, all of which are herein called the "Equipment";

(d) Intangibles

all intangible property now owned or hereafter acquired by the Borrower and which is not Accounts including, without limitation, all contractual rights, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Borrower and all other choses in action of the Borrower of every kind, whether due or owing at the present time or hereafter to become due or owing, all of which are herein called the "Intangibles";

(e) Documents of Title

any writing now or hereafter owned by the Borrower that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are Inventory or Equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts, all of which are herein called the "Documents of Title";

(f) Money

all money now or hereafter owned by the Borrower, whether such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency, all of which are herein called the "Money";

all present and future agreements made between the Borrower as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods, all of which are herein called the "Chattel Paper";

(h) Instruments

all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Borrower, and all other writings of the Borrower that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment and all letters of credit and advices of credit of the Borrower provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder, all of which are herein called the "Instruments";

(i) Securities

all present and future securities held by the Borrower, including shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Borrower in property or in an enterprise or which constitute evidence of an obligation of the issuer; including, without limitation, any uncertificated securities and all substitutions therefor and, subject to Section 2.06, dividends and income derived therefrom, all of which are herein called the "Securities";

(j) Documents

all documents, including, without limitation, all books, invoices, letters, papers and other records, in any form evidencing or relating to the Collateral, all of which are herein called the "Documents";

(k) Proceeds

all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom, all of which are herein called the "Proceeds";

(l) Leaseholds

subject to Section 2.05, all leases, now owned or hereafter acquired by the Borrower as tenant (whether oral or written) or any agreement therefor, all of which are herein called the "Leaseholds"; and

all present and future personal property, business, and undertaking of the Borrower not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Securities, Documents, Proceeds or Leaseholds, all of which are herein called the "Undertaking".

The Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Securities, Documents, Proceeds, Leaseholds and Undertaking are herein collectively called the "Collateral".

2.03 Further Description of Collateral. Without limiting the generality of the description of Collateral as set out in Section 2.02, for greater certainty the Collateral will include all present and future personal property of the Borrower located on or about or in transit to or from the locations set out in Schedule A hereto.

2.04 Attachment of Security Interest. The parties hereby acknowledge that:

- (a) value has been given;
- (b) the Borrower has rights in the Collateral; and
- (c) the parties have not agreed to postpone the time for attachment of the security interest created by this agreement.

2.05 Exception re: Leaseholds and Contractual Rights. The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the security interest created by this agreement, but the Borrower agrees to stand possessed of such last day in trust for such person as the Lender may direct and the Borrower will assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this agreement in any contractual rights would constitute a breach or cause the acceleration of such contract, said security interest will not be granted hereunder but the Borrower will hold its interest therein in trust for the Lender, will use its best efforts to obtain the appropriate consents to the attachment of said security interest and will grant a security interest in such contractual rights to the Lender forthwith upon obtaining the appropriate consents to the attachment of said security interest.

2.06 Voting and Distributions re: Securities. Prior to the security hereby constituted becoming enforceable under this agreement, all interest, cash dividends, income and revenue from Securities included in the Collateral (but not the proceeds of disposition of such Securities) will be collected by and payable to the Borrower (and not the Lender), and such Securities will be voted by the Borrower, and all non-cash dividends paid on such Securities, if received by the Borrower, will be paid to the Lender. Subsequent to the security hereby constituted becoming enforceable under this agreement, all dividends paid on such Securities, and all interest, income and revenue from such Securities, if received by the Borrower, will be paid to the Lender, and the Lender will be entitled to vote or not to vote such Securities as the Lender sees fit.

3.01 **Warranties and Covenants.** The Borrower hereby warrants, covenants and agrees with the Lender as follows:

- (a) The Borrower will keep its chief executive office where it keeps its records concerning the Accounts located at the address set out in Section 6.07 hereof, or, upon 20 Business Days prior notice to the Lender, at such other location in a jurisdiction where all actions required by Section 6.03 will have been taken with respect to the Accounts.
- (b) The Collateral is now and will be located at the address(es) set out in Schedule A hereto. In the event the Collateral becomes located at any address not set out in Schedule A hereto, the Borrower will promptly notify the Lender in writing of the details thereof.
- (c) The Borrower will keep the Collateral in good condition and repair.
- (d) The Borrower agrees to promptly notify the Lender in writing of the acquisition by the Borrower of any personal property which is not of the nature or type described by the definition of Collateral, and the Borrower agrees to execute and deliver at its own expense from time to time amendments to this agreement or additional security agreements as may be reasonably required by the Lender in order that a security interest will attach to such personal property.
- (e) The Borrower will obtain, observe and perform all its obligations under leases, licenses and agreements, preserve its rights, powers, licenses, privileges, franchises and goodwill, and comply with all applicable laws, rules and regulations in a proper and efficient manner so as to preserve and protect the Collateral, the security interest created by this agreement and the business and undertaking of the Borrower.
- (f) The Borrower will prevent the Collateral from becoming an accession to any personal property not subject to this agreement, or becoming affixed to any real property.
- (g) The Borrower will deliver to the Lender from time to time as the same are acquired by the Borrower all items of Collateral comprising Securities. Such delivery will be effected by depositing with the Lender all certificates representing such Securities. All certificates so deposited will, unless all necessary consents and approvals are obtained, not contain any reference to restrictions on the transfer of the shares represented thereby and will be duly endorsed in blank for transfer or will be attached to duly executed powers of attorney or forms of transfer.
- (h) The Borrower will deliver to the Lender upon the request of the Lender from time to time all items of Collateral comprising Documents of Title, Chattel Paper, Instruments and Documents.

and employees (including, without limitation, legal fees and disbursements on a solicitor and client basis) incurred with respect to:

- (i) the preparation, perfection, execution and filing of this agreement and the filing of financing statement(s) and financing change statement(s) with respect to this agreement;
 - (ii) dealing with other creditors of the Borrower in connection with the establishment and confirmation of the priority of the security interest created by this agreement;
 - (iii) the exercising of any or all of the rights, remedies and powers of the Lender under this agreement; and
 - (iv) recovering or repossessing the Collateral and any other proceedings taken for the purpose of enforcing the remedies provided herein, including, without limitation, the appointment of a receiver, manager or receiver and manager, whether by order of the court or by private appointment.
- (j) The Borrower will indemnify the Lender for all costs and expenses as set out in Sections 3.01(i) and 3.02 and agrees that all such costs and expenses will be payable by the Borrower to the Lender on demand and will bear interest at the annual rate equal to the rate set out in the Loan Agreement, which interest will be calculated and compounded monthly and payable on demand.

3.02 Performance of Covenants by the Lender. The Lender may, in its sole discretion and upon notice to the Borrower, perform any covenant of the Borrower under this agreement that the Borrower fails to perform and that the Lender is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Lender will not be obligated to perform any such covenant on behalf of the Borrower and no such performance by the Lender will require the Lender further to perform the Borrower's covenants nor operate as a derogation of the rights and remedies of the Lender under this agreement.

ARTICLE 4 RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

4.01 General Restrictions. Except as herein provided or except as provided in the Loan Agreement, the Borrower will not, without the prior written consent of the Lender:

- (a) sell, lease or otherwise dispose of the Collateral or any part thereof;
- (b) release, surrender or abandon possession of the Collateral or any part thereof; or
- (c) move or transfer the Collateral or any part thereof from its present location, other than in accordance with the terms of the Loan Agreement and between the locations listed in Schedule A hereto.

4.02 Permitted Sales. The Borrower may, at any time, without the consent of the Lender:

ordinary course of its business so that the purchaser thereof takes title clear of the security interest created by this agreement but if such sale, lease or other dealing with results in an Account, such Account will be subject to the security interest created by this agreement; and

- (b) sell or otherwise dispose of such part of its Equipment which is not necessary to or useful in connection with its business and undertaking, or which has become worn out or damaged or otherwise unsuitable for its purpose; provided that such Equipment is replaced or has nominal value.

4.03 Release by the Lender. The Lender may, at its discretion, at any time release from the security interest created by this agreement any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this agreement.

4.04 Accounts and Proceeds Held in Trust. All Accounts and Proceeds that are moneys collected or received by the Borrower will be received by the Borrower in trust for the Lender and will be forthwith paid to the Lender.

ARTICLE 5 DEFAULT AND ENFORCEMENT

5.01 Security Becomes Enforceable. The security hereby constituted will immediately become enforceable upon the occurrence of an Event of Default set forth in the Loan Agreement.

5.02 Remedies. At any time after the security hereby constituted becomes enforceable, the Lender will have the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "Receiver") of the Collateral and to remove any Receiver so appointed and to appoint another if the Lender so desires; it being agreed that any Receiver appointed pursuant to the provisions of this agreement will have all of the powers of the Lender hereunder, and in addition, will have the power to carry on the business of the Borrower;
- (b) to make payments to parties having prior charges or encumbrances on properties on which the Lender may hold charges or encumbrances;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral with power to exclude the Borrower, its agents and its servants therefrom;
- (e) to preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Lender will deem advisable;
- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this agreement including, without limitation, the power to purchase on credit, the power to borrow in the Borrower's name or in the name of

interest as it may deem reasonable, provided that the Receiver will borrow money only with the prior consent of the Lender, and to grant security interests in the Collateral in priority to the security interest created by this agreement, as security for the money so borrowed;

- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment of credit; provided that
 - (i) the Lender or the Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Borrower or any other person or persons whomsoever for such period of time as is commercially reasonable;
 - (ii) the Lender or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
 - (iii) subject to Section 5.07, the Borrower will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such proceeds are received by the Lender or the Receiver in cash or such other form of compensation as may be acceptable to the Lender, in its sole discretion;
- (h) to enjoy and exercise all of the rights and remedies of a secured party under the Act;
- (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
 - (i) the Collateral is perishable;
 - (ii) the Lender or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
 - (iii) the Collateral is of a type customarily sold on a recognized market;
 - (iv) the cost of care and storage of the Collateral is disproportionately large relative to its value;
 - (v) every person entitled by law to receive a notice of disposition consents in writing to the immediate disposition of the Collateral; or
 - (vi) the Receiver disposes of the Collateral in the course of the Borrower's business;

issuers of such Securities in the name of the Lender or such nominee of the Lender as the Lender will direct;

- (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Lender, the Receiver or the Borrower for the purpose of exercising any of the rights, powers and remedies set out in this Section 5.02, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and
- (m) at the sole option of the Lender, provided notice is given in the manner required by the Act to the Borrower and to any other person to whom the Act requires notice be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

5.03 Receiver as Agent. The Receiver will be deemed to be the agent of the Borrower for the purpose of establishing liability for the acts or omissions of the Receiver and the Lender will not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Borrower hereby irrevocably authorizes the Lender to give instructions to the Receiver relating to the performance of its duties as set out herein.

5.04 Expenses of Enforcement. The Borrower will pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a solicitor and client basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and will pay to the Lender and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Borrower to the Lender and the Receiver pursuant to this Section 5.04 will be payable on demand and will bear interest at an annual rate equal to the rate set out in the Loan Agreement, which interest will be calculated and compounded monthly and payable on demand.

5.05 Indulgences and Releases. Either the Lender or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Borrower, debtors of the Borrower, sureties and others and with the Collateral and other security as the Lender or the Receiver may see fit without prejudice to the Obligations or the right of the Lender and the Receiver to repossess, hold, collect and realize the Collateral.

5.06 No Liability for Failure to Exercise Remedies. The Lender and the Receiver will not be liable or accountable to the Borrower or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.02, and will not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Lender, the Receiver, the Borrower or any other party in respect of the same.

5.07 Proceeds of Disposition. Subject to the claims, if any, of the prior secured creditors of the Borrower, all moneys received by the Lender or by the Receiver pursuant to Section 5.02 will be applied as follows:

- (a) first, in payment of all costs and expenses incurred by the Lender in the exercise of all or any of the powers granted to it under this agreement, including, without limitation, the costs and expenses referred to in Sections 3.01(i) and 3.02 and in

properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 5.04;

- (b) second, in payment of all amounts of money borrowed or advanced by either of the Lender or the Receiver pursuant to the powers set out in this agreement and any interest thereon;
- (c) third, to the payment or prepayment of the Obligations, provided that if there are not sufficient moneys to pay all of the Obligations, the Lender may apply the moneys available to such part or parts thereof as the Lender, in its sole discretion, may determine; and
- (d) fourth, in payment of any surplus in accordance with applicable law.

5.08 Borrower Liable for Deficiency. If the moneys received by the Lender or the Receiver pursuant to Section 5.02 are not sufficient to pay the claims set out in Sections 5.07(a), (b) and (c), the Borrower will immediately pay the Lender the amount of such deficiency.

5.09 Restriction on Borrower. Upon the Lender taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Borrower or any officer, director, servant or agent of the Borrower with respect to the Collateral will, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Lender; however, all other powers, functions, rights and privileges of the Borrower or any officer, director, servant or agent of the Borrower will be unaffected by such events.

5.10 Rights Cumulative. All rights and remedies of the Lender set out in this agreement will be cumulative and no right or remedy contained herein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Obligations will not operate as a merger of any of the covenants contained in this agreement.

5.11 Care by the Lender. The Lender will be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in the Lender's possession if it takes such action for that purpose as the Borrower requests in writing, but failure of the Lender to comply with any such request will not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Lender to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Borrower, will be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

5.12 Standards of Sale. Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Borrower acknowledges that a disposition of Collateral by the Lender which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;

newspaper or trade publication having general circulation in the location of such Collateral at least seven days prior to such sale;

- (c) Collateral may be disposed of by private sale after receipt by the Lender of two written offers;
- (d) the purchaser or lessee of such Collateral may be a customer of the Lender;
- (e) the disposition may be for cash or credit, or part cash and part credit; and
- (f) the Lender may establish a reserve bid in respect of all or any portion of the Collateral.

ARTICLE 6 GENERAL

6.01 Waiver. Any breach by the Borrower of any of the provisions contained in this agreement or any default by the Borrower in the observance or performance of any covenant or condition required to be observed or performed by the Borrower hereunder, may only be waived by the Lender in writing, provided that no such waiver by the Lender will extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

6.02 The Lender as Attorney. The Borrower hereby irrevocably appoints the Lender and any person further designated by the Lender to be the attorney of the Borrower for and in the name of the Borrower to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Borrower is obliged to sign, execute or do hereunder and, after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Borrower in the exercise of all or any of the powers hereby conferred on the Lender. The power of attorney hereby granted is coupled with an interest, is irrevocable and will extend to the successor and assigns of the Borrower. The Borrower agrees to be bound by any representations and actions made or taken in good faith by the Lender pursuant to this power of attorney in accordance with the terms thereof and hereby waives any and all defences which may be available to it to contest, negate or disaffirm the actions of the Lender taken in good faith under this power of attorney.

6.03 Further Assurances. The Borrower will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances and take all such further action or cause such further action to be taken as the Lender will reasonably require for the better assuring, charging, assigning and conferring unto the Lender a security interest in the Collateral or property intended to be charged hereunder, or which the Borrower may hereafter become bound to charge in favour of the Lender, for the purpose of accomplishing and effecting the intention of this agreement.

6.04 Continuing Security. The security interest constituted hereby will be deemed to be a continuing security for the Obligations until all of the Obligations from time to time are paid and performed in full and this agreement is terminated.

6.05 No Obligation to Advance. Neither the execution nor delivery of this agreement will obligate the Lender to advance any moneys to the Borrower.

will goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

6.07 Notices. Any demand, notice or other communication in connection with this agreement will be in writing and will be personally delivered to an officer of the addressee or sent by telefacsimile, charges prepaid, at or to the address or telefacsimile number of the party set opposite its name below or to such other address or addresses, telefacsimile number or numbers as either party may from time to time designate to the other party in such manner. Any demand or notice which is personally delivered as aforesaid will be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it will be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any demand or notice which is transmitted by telefacsimile will be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it will be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Borrower:

Brushstokes Fine Art Inc.
60 Leek Crescent
Richmond Hill, ON L4B 1H1

Attention: Mitchell Wine
Fax No.: 905.771.5803

In the case of the Lender:

Catalyst ABL Finco Ltd.
79 Wellington Street West
TD Waterhouse Tower
TD Bank Centre
Suite 3475, PO Box 212
Toronto, ON M5K 1J3

Attention: Newton Glassman or George So
Fax No.: 416.945.3060

With a copy to:

Knightsford Capital Corporation
366 Bay Street
Suite 800
Toronto, ON M5H 4B2

Attention: Fred Metter
Fax No. 416.703.0801

its successors and assigns and will be binding upon the Borrower and its successors and permitted assigns.

6.09 Amalgamation of Borrower. The Borrower hereby acknowledges and agrees that, subject to compliance with the Loan Agreement, in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term "Borrower", when used herein, will apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interest granted hereby:

- (a) will extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation;
- (b) will secure the "Obligations" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of amalgamation and any "Obligations" of the amalgamated corporation to the Lender thereafter arising; and
- (c) will attach to "Collateral" owned by each corporation amalgamating with the Borrower and by the amalgamated corporation, at the time of amalgamation, and will attach to any "Collateral" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

6.10 Entire Agreement. Except for the Loan Agreement and any document, agreement or instrument delivered pursuant thereto or referred to therein, this agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreements, undertakings, declarations, representations and undertakings, both written and oral, in respect of the subject matter hereof.

6.11 Receipt of Financing Statement, etc. The receipt by the Borrower's legal counsel of a financing statement or financing change statement will be deemed to be receipt of same by the Borrower.

6.12 Acknowledgment. The Borrower hereby acknowledges receipt of an executed copy of this agreement.

6.13 Paramountcy. In the event of any conflict or inconsistency between the provisions of this agreement and the Loan Agreement, the provisions of the Loan Agreement will prevail and be paramount.

[Signature page follows]

BRUSHSTROKES FINE ART INC.

Per: 

Name: MITCHELL WIND
Title: PRESIDENT

C.S.

Per: 

Name: NANCY KAEFER
Title: CHAIRMAN

Locations of Collateral

60 Leek Crescent
Richmond Hill, ON L4B 1H1

Commerce and Design Building
201 West Commerce Street
High Point, NC 27260
U.S.A.

World Market Centre
495 S. Grand Central Parkway
Las Vegas, NV 89106
U.S.A.

Prol. Avenue Hinos Escobar, No. 7151-E
Juarez, Chihuahua 32320
Mexico

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