

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Brake Pro, Ltd.		07/31/1996	CORPORATION: CANADA

RECEIVING PARTY DATA

Name:	Wachovia Capital Finance Corporation (Canada)
Street Address:	141 Adelaide Street West, Suite 1500
City:	Toronto
State/Country:	ONTARIO
Postal Code:	M5H 3L5
Entity Type:	CORPORATION: CANADA

PROPERTY NUMBERS Total: 9

Property Type	Number	Word Mark
Registration Number:	1809026	CM
Registration Number:	1807355	CM 18
Registration Number:	3094492	CANADIAN METALLIC
Registration Number:	1807354	INTEGRABLOK
Registration Number:	1464501	BRAKE-PRO
Registration Number:	1464502	BRAKE-PRO SYSTEMS
Registration Number:	3161658	BRAKEPRO
Serial Number:	78437107	INTEGRASHOE
Serial Number:	78435658	CCM

CORRESPONDENCE DATA

Fax Number: (780)421-7951
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Phone: 780-917-5242
 Email: cunninghamk@bennettjones.ca

OP \$240.00 1809026

Correspondent Name: Kimberley A. Cunningham
Address Line 1: 100 ATCO Centre, 10035 - 105 Street
Address Line 4: Edmonton, ALBERTA T5J 3T2

ATTORNEY DOCKET NUMBER:	48744-51
NAME OF SUBMITTER:	Kimberley Cunningham
Signature:	/Kimberley Cunningham/
Date:	07/17/2007

Total Attachments: 24

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INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement dated July 31, 1996 is by Brake Pro, Ltd., an Ontario corporation ("Borrower") in favour of Congress Financial Corporation (Canada), an Ontario corporation ("Lender").

W I T N E S S E T H

WHEREAS, Lender has entered or is about to enter into certain financing arrangements with Borrower pursuant to which Lender may make loans and provide other financial accommodations to Borrower.

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

All terms used herein which are defined in the P.P.S.A. shall have the meanings given therein unless otherwise defined in this Agreement. All references to the plural herein shall also mean the singular and to the singular shall also mean the plural. All references to Borrower and Lender pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns. The words "hereof", "herein", "hereunder", "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced. References herein to any statute or any provision thereof include such statute or provision as amended, revised, re-enacted and/or consolidated from time to time and any successor statute. For the purposes of this Agreement the following terms shall have the respective meanings given to them below:

- 1.1 "Business" shall mean all of the business carried on by the Borrower through each of its divisions now or in the future, and all goodwill associated with it.
- 1.2 "Business Day" shall mean any day of the week except Saturday, Sunday or any statutory or civic holiday observed in Canada.
- 1.3 "Collateral" shall mean all of the Intellectual Property, the Records, the Replacements and the Proceeds, wherever located, and any item or part thereof.
- 1.4 "Confidential Information" shall mean the trade secrets, confidential information and confidential know-how in which the Borrower now or hereafter has an interest. Confidential Information includes, without limitation, the following aspects of the Business:
 - (a) all unpatented inventions,

- (b) all customer and supplier lists for the Business,
 - (c) all unpublished studies and data, prototypes, drawings, design and construction specifications and production, operating and quality control manuals used in the Business,
 - (d) all marketing strategies and business plans,
 - (e) all current or proposed business opportunities, and
 - (f) all documents, materials and media embodying other items of Confidential Information.
- 1.5 "Copyrights" shall mean all copyrights that the Borrower now or hereafter owns, including, without limitation, all copyrights in the works listed on Schedule "A". Copyrights include:
- (a) all registrations and applications that have been or shall be made or filed in the Canadian Copyright Office or any similar office in any country in the world and all records thereof and all reissues, extensions or renewals thereof, and
 - (b) all common law and other rights in the above.
- 1.6 "Designs" shall mean all industrial designs, design patents and other designs that the Borrower now or hereafter owns, including, without limitation, all industrial designs, design patents and other designs listed on Schedule "B". Designs include:
- (a) all registrations and applications that have been or shall be made or filed in the Canadian Industrial Design Office or any similar office in any country in the world and all records thereof and all reissues, extensions or renewals thereof, and
 - (b) all common law and other rights in the above.
- 1.7 "Encumbrance" shall mean any encumbrance of any kind whatever, choate or inchoate, and includes, without limitation, a security interest, mortgage, lien, hypothec, assignment, conditional assignment, pledge, hypothecation, charge and trust or deemed trust, whether arising through contract, statute or otherwise.
- 1.8 "Event of Default" shall have the meaning set forth in Section 6.1 hereof.
- 1.9 "Financing Agreements" shall mean, collectively, the Loan Agreement, this Agreement and all notes, guarantees, security agreements and other agreements, documents and instruments now or at any time hereafter executed and/or delivered by Borrower or any Obligor in connection with the Loan Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

- 1.10 "Intellectual Property" shall mean all Confidential Information, Copyrights, Designs, Licence Agreements, Patents, Software and Trade-marks.
- 1.11 "Licence Agreements" shall mean the Licensor Licence Agreements and the Licensee Licence Agreements.
- 1.12 "Licensee Licence Agreements" shall mean all agreements pursuant to which the Borrower has obtained rights or an option to acquire rights to use any copyright, patent, trade-mark, industrial design, confidential information or other intellectual or industrial property owned by a Person including, without limitation, those agreements listed on Schedule "C".
- 1.13 "Licensor Licence Agreements" shall mean all agreements pursuant to which the Borrower has granted to a Person rights or an option to acquire rights to use any copyright, patent, trade-mark, industrial design, confidential information or other intellectual or industrial property owned by the Borrower or licensed to the Borrower, including, without limitation, those agreements listed on Schedule "D".
- 1.14 "Loan Agreement" shall mean the Loan Agreement, dated July 31, 1996, by and between Borrower and Lender, as the same now exists and may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.
- 1.15 "Obligations" shall mean any and all obligations, liabilities and indebtedness of every kind, nature and description owing by Borrower to Lender and/or its affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under the Loan Agreement, this Agreement or otherwise, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of this Agreement or after the commencement of any proceeding with respect to Borrower under the *Bankruptcy and Insolvency Act*, the *Companies' Creditors Arrangement Act* or any similar statute in any jurisdiction (including, without limitation, the payment of interest and other amounts which would accrue and become due but for the commencement of such proceeding), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by Lender.
- 1.16 "Obligor" shall mean any other guarantor, endorser, acceptor, surety or other person liable on or with respect to the Obligations or who is the owner of any property which is security for the Obligations, other than Borrower.
- 1.17 "Patents" shall mean all letters patent of invention and all applications for letters patent, renewals, reissues, extensions, divisions, continuations and continuations-in-part thereof which the Borrower now or hereafter owns, including, without limitation, all letters patent, applications, renewals, reissues, extensions, divisions, continuations and continuations-in-part thereof listed on Schedule "E". Patents include:

- (a) all registrations and applications that have been or shall be made or filed in the Canadian Patent Office or any similar office in any country in the world and all records thereof and all reissues, extensions or renewals thereof, and
- (b) all other rights in the above.
- 1.18 "Person" or "person" shall mean any individual, sole proprietorship, partnership, corporation, business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.
- 1.19 "P.P.S.A." shall mean the *Personal Property Security Act* (Ontario).
- 1.20 "Proceeds" shall mean all fixtures, accounts, chattel paper, documents of title, instruments, money, securities, proceeds, earnings, income, royalties, rents, issues, profits and personal property in any form derived directly or indirectly from any dealing with or use of any item or part of the Collateral, or that indemnifies or compensates for such property destroyed, damaged, infringed upon or used without authorization and proceeds of Proceeds whether or not of the same type, class or kind as the original Proceeds, and any item or part thereof.
- 1.21 "Records" shall mean:
- (a) all copies and representations of the Intellectual Property in any form now known or in the future developed or discovered including, without limitation, those on paper, magnetic and optical media, and all working papers, notes, charts, drawings, materials and diagrams created in the process of developing the Intellectual Property,
- (b) all books, accounts, invoices, letters, papers, security certificates, documents and other records in any form evidencing or relating in any way to the Collateral,
- (c) all contracts, securities, instruments and other rights and benefits in respect of the Collateral, and
- (d) any item or part of any of the preceding.
- 1.22 "Replacements" shall mean all increases, additions and accessions to, and all substitutions for and replacements of, and all corrections, updates, enhancements, translations, modifications, adaptations and new versions of, any item or part of the Collateral, and any item or part thereof.
- 1.23 "Software" shall mean all computer programs and databases owned by the Borrower in whatever form and on whatever medium those programs or databases are expressed, fixed, embodied or stored from time to time, and the copyright therein including, without limitation, those listed on Schedule "F". Software includes both the object code and source code versions of each such program and all corrections,

updates, enhancements, translations, modifications, adaptations and new versions thereof together with both the media upon or in which such software and databases are expressed, fixed, embodied or stored (such as disks, diskettes, tapes and semiconductor chips) and all flow charts, manuals, instructions, documentation and other material relating thereto.

1.24 "Trade-marks" shall mean all trade-marks that the Borrower now or hereafter owns, including, without limitation, those listed on Schedule "G". Trade-marks include:

- (a) trade-marks both registered and unregistered,
- (b) designs, logos, indicia, trade-names, corporate names, company names, business names, trade styles and other source or business identifiers,
- (c) fictitious characters,
- (d) prints and labels on which any of the foregoing have appeared or appear or shall appear,
- (e) all registrations and applications that have been or shall be made or filed in the Canadian Trade-marks Office or any similar office in any country in the world and all records thereof and all reissues, extensions, or renewals thereof, and
- (f) all common law and other rights in the above.

SECTION 2. GRANT OF SECURITY INTEREST

2.1 As general and continuing security for the due payment and performance of all Obligations, the Borrower grants to the Lender, by way of charge, a security interest (the "Security Interest") in the Collateral and in the Borrower's interest in intellectual property not owned by it.

2.2 The last day of the term of each licence granted to the Borrower pursuant to the Licensee Licence Agreements shall be excepted from the Security Interest and shall not form part of the Collateral. The Borrower shall stand possessed of that day in trust to assign and dispose of it as the Lender directs.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF BORROWER

The Borrower represents and warrants to and in favour of the Lender as follows:

3.1 Subject only to Encumbrances in favour of the Lender and the Encumbrances listed in Schedule "H", the Borrower holds and will hold its interest in the Collateral free and clear of all Encumbrances whatever.

- 3.2 Schedule "A" contains a complete list of all registered Copyrights, Schedule "B" contains a complete list of all registered Designs, Schedule "E" contains a complete list of all Patents, Schedule "F" contains a complete list of all Software and Schedule "G" contains a complete list of all registered and unregistered Trade-marks.
- 3.3 Schedules "C" and "D" contain a complete list of all Licence Agreements. All Licence Agreements are in effect unamended. There have been no defaults under or breach of any of the Licence Agreements.
- 3.4 Each of the Copyrights and Trade-marks, and each applicable registration of them, is valid, subsisting and enforceable and each of the copyrights and trade-marks in which the Borrower has an interest, otherwise than by way of ownership, and each applicable registration of them is, to the best of the knowledge of the Borrower, valid, subsisting and enforceable.
- 3.5 The Borrower has disclosed in this Agreement all patent, trade-mark, trade secret, copyright, moral rights, personality rights, privacy rights, publicity rights, semiconductor chip rights or other intellectual property or contractual rights used by it in connection with the Business.
- 3.6 The Borrower has obtained from all appropriate Persons written unrestricted waivers of all moral rights with respect to the Copyright.
- 3.7 The use of the Intellectual Property does not contravene any law and does not violate or infringe upon the rights of any Person.
- 3.8 No claim has been made that the use of any of the Intellectual Property does or may contravene any law or violate or infringe upon the rights of any Person.
- 3.9 Except for the rights granted pursuant to the Licensor Licence Agreements, the Borrower is the sole legal and beneficial owner of all rights in the Intellectual Property free and clear of all Encumbrances other than Encumbrances in favour of the Lender and the Encumbrances listed on Schedule "H".
- 3.10 The Borrower has used proper notice indicating ownership of and the right to use the Intellectual Property to the extent necessary to protect the Intellectual Property.
- 3.11 The Borrower has used consistent standards of high quality in its manufacture, sale, distribution, provision, advertising, packaging and labelling of products subject to one or more of the Patents and/or on which one or more of the Trade-marks or Designs appear.

All representations and warranties of the Borrower made in this Agreement or in any certificate or other document delivered by or on behalf of the Borrower for the benefit of the Lender are material and shall continue without time limit. The Lender shall be deemed to have relied upon each such representation and warranty despite any investigation the Lender may have made.

SECTION 4. COVENANTS OF BORROWER

- 4.1 The Borrower shall maintain and use the Collateral and shall conduct its business in a proper and efficient manner so as to preserve and protect the Collateral and the Proceeds.
- 4.2 The Borrower shall keep proper books of account in accordance with generally accepted accounting principles and shall furnish all information and statements relating to the Business and the Collateral that the Lender requests. The Borrower shall permit the Lender or its authorized agent at any time to have access to all premises occupied by the Borrower or any place where any Collateral may be found in order to inspect any Collateral and to examine the books of account and other financial records and reports of the Borrower including, but not limited to, the Records, and to have temporary custody of, make copies of and take extracts from such books, records and reports.
- 4.3 Except for Encumbrances in favour of the Lender and the Encumbrances listed in Schedule "H", the Borrower shall keep the Collateral free at all times from Encumbrances and shall defend the title to the Collateral against all Persons. The Borrower shall not permit any Collateral to become an accession to any property other than other Collateral. Nothing in this Agreement shall in any way prevent the Lender from, at any time, contesting the validity, enforceability or priority of any Encumbrance.
- 4.4 The Borrower shall duly comply with all requirements of any governmental authority applicable to any Collateral or its use and with all covenants, terms or conditions upon which any Collateral or intellectual property used by the Borrower in the Business is held or used.
- 4.5 The Borrower shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, transfers, assignments, agreements and assurances as the Lender may reasonably require in order to give effect to the provisions of this Agreement.
- 4.6 The Borrower shall notify the Lender in writing:
- (a) forthwith of any significant loss of or damage to any Collateral;
 - (b) forthwith of the failure of any account debtor or licensee to pay or perform any obligations due to the Borrower in respect of the Collateral;
 - (c) forthwith of any proceedings before any court, administrative board or other tribunal which could materially adversely affect the Borrower or any Collateral and of any action or proceeding that may affect the Borrower's rights in the Collateral and of each allegation that the Intellectual Property infringes upon or violates the rights of any Person; and

- (d) at least 30 Business Days prior to any change of name of the Borrower, any transfer or license of the Collateral or any part thereof or any change in the location of the Collateral or any part thereof.

4.7 The Borrower shall do everything reasonably necessary or desirable to preserve and maintain the Intellectual Property and the intellectual property used by it in the Business. In particular, unless it receives the prior written consent of the Lender to the contrary, the Borrower shall do each of the following:

- (a) apply to register all existing and future Copyrights, Trade-marks, Designs and Patents, wherever it is commercially reasonable in the reasonable judgment of the Borrower to do so;
- (b) renew all Copyright, Trade-mark, Design and Patent registrations;
- (c) file all assignments of Copyright, Trade-marks, Designs and Patents necessary or desirable to maintain the Borrower's rights therein;
- (d) pay all fees necessary to maintain the Intellectual Property;
- (e) cause all Persons who have access to the Confidential Information to enter into non-disclosure agreements in a form acceptable to the Lender, acting reasonably;
- (f) ensure that all Licence Agreements executed by the Borrower adequately protect the Borrower's rights in the Intellectual Property;
- (g) perform all obligations pursuant to Licence Agreements;
- (h) commence and prosecute, at its own expense, such suits, proceedings or other actions for infringement, passing off, unfair competition, dilution or other damage as are in its reasonable business judgment necessary to protect the Collateral;
- (i) diligently, at its own expense, enforce its rights under any agreements which enhance the value of and/or protect the Collateral;
- (j) promptly notify the Lender in writing when it begins to take any steps referred to in subsections 4.7(h) or 4.7(i) hereof and provide the Lender with such information with respect thereto as the Lender may reasonably request; and
- (k) on request from the Lender, put all source codes for the Software in trust with a trustee as provided in a Software Trust Agreement in a form acceptable to the Lender.

- 4.8 The Borrower shall not, without the prior written consent of the Lender, enter into or renew any agreement, oral or written, or any indenture, instrument or undertaking relating to the Collateral including, without limitation, any licence agreements.
- 4.9 The Borrower appoints any officer or director of the Lender to be its attorney in accordance with the *Powers of Attorney Act* (Ontario) with full power of substitution and to do on the Borrower's behalf anything that the Borrower can lawfully do by an attorney to preserve and protect the Collateral and to carry out the Borrower's obligations under this Agreement. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

SECTION 5. INTELLECTUAL PROPERTY INDEMNITY

- 5.1 The Borrower will defend the Lender against any claim that the Intellectual Property infringes upon or violates any rights of a third party including, without limitation, patent, trade-mark, trade secret, copyright, moral rights, personality rights, privacy rights, publicity rights or semi-conductor chip rights or other intellectual property or contractual rights. The Borrower shall fully indemnify and save harmless the Lender against all loss, liability and expense arising out of:
- (a) any misrepresentation with respect to the Intellectual Property made by the Borrower; or
 - (b) any claim that the Intellectual Property infringes upon or violates any rights of a third party including, without limitation, patent, trade-mark, trade secret, copyright, moral rights, personality rights, privacy rights, publicity rights or semi-conductor chip rights or other intellectual property or contractual rights or that it is unlawful.

Such indemnity shall include, without limitation, reasonable expenses of investigation and legal fees, damages, costs and expenses in connection with any action against the Lender.

SECTION 6. EVENTS OF DEFAULT AND REMEDIES

- 6.1 Events of Default. The occurrence or existence of any Event of Default under the Loan Agreement is referred to herein individually as an "Event of Default", and collectively as "Events of Default".
- 6.2 Remedies.
- (a) At any time an Event of Default exists or has occurred and is continuing, Lender shall have all rights and remedies provided in this Agreement, the other Financing Agreements, the P.P.S.A. and other applicable law, all of which rights and remedies may be exercised without notice to or consent by Borrower or any Obligor, except as such notice or consent is expressly provided for hereunder or required by applicable law. All rights, remedies

and powers granted to Lender hereunder, under any of the other Financing Agreements, the P.P.S.A. or other applicable law, are cumulative, not exclusive and enforceable, in Lender's discretion, alternatively, successively, or concurrently on any one or more occasions, and shall include, without limitation, the right to apply to a court of equity for an injunction to restrain a breach or threatened breach by Borrower of this Agreement or any of the other Financing Agreements. Lender may, at any time or times, proceed directly against Borrower or any Obligor to collect the Obligations without prior recourse to the Collateral.

- (b) Without limiting the foregoing, at any time an Event of Default exists or has occurred and is continuing, Lender may, in its discretion and without limitation, (i) accelerate the payment of all Obligations and demand immediate payment thereof to Lender (provided, that upon the occurrence of any Event of Default described in Sections 10.1(h) and 10.1(i) of the Loan Agreement, all Obligations shall automatically become immediately due and payable), (ii) with or without judicial process or the aid or assistance of others, enter upon any premises on or in which any of the Collateral may be located and take possession of the Collateral or complete processing, manufacturing and repair of all or any portion of the Collateral and/or carry on the business of Borrower, (iii) require Borrower, at Borrower's expense, to assemble and make available to Lender any part or all of the Collateral at any place and time designated by Lender, (iv) collect, foreclose, receive, appropriate, setoff and realize upon any and all Collateral, (v) remove any or all of the Collateral from any premises on or in which the same may be located for the purpose of effecting the sale, foreclosure or other disposition thereof or for any other purpose, (vi) sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral (including, without limitation, entering into contracts with respect thereto, public or private sales at any exchange, broker's board, at any office of Lender or elsewhere) at such prices or terms as Lender may deem reasonable, for cash, upon credit or for future delivery, with the Lender having the right to purchase the whole or any part of the Collateral at any such public sale, all of the foregoing being free from any right or equity of redemption of Borrower, which right or equity of redemption is hereby expressly waived and released by Borrower, (vii) borrow money and use the Collateral directly or indirectly in carrying on Borrower's business or as security for loans or advances for any such purposes, (viii) grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges, and (ix) otherwise deal with Borrower, debtors of Borrower, sureties and others as Lender may see fit without prejudice to the liability of Borrower or Lender's right to hold and realize the security interest created under this Agreement. If any of the Collateral is sold or leased by Lender upon credit terms or for future delivery, the Obligations shall not be reduced as a result thereof until payment therefor is finally collected by Lender. If notice of disposition of Collateral is required by law, five (5) days prior notice by Lender to Borrower designating the time and place of any public sale or the time after which any private sale or other intended disposition of Collateral is to be

made, shall be deemed to be reasonable notice thereof and Borrower waives any other notice. In the event Lender institutes an action to recover any Collateral or seeks recovery of any Collateral by way of prejudgment remedy, Borrower waives the posting of any bond which might otherwise be required.

- (c) Lender may apply the cash proceeds of Collateral actually received by Lender from any sale, lease, foreclosure or other disposition of the Collateral to payment of the Obligations, in whole or in part and in such order as Lender may elect, whether or not then due. Borrower shall remain liable to Lender for the payment of any deficiency with interest at the highest rate provided for in the Loan Agreement.
- (d) Lender may appoint, remove and reappoint any person or persons, including an employee or agent of Lender to be a receiver (the "Receiver") which term shall include a receiver and manager of, or agent for, all or any part of the Collateral. Any such Receiver shall, as far as concerns responsibility for his acts, be deemed to be the agent of Borrower and not of Lender, and Lender shall not in any way be responsible for any misconduct, negligence or non-feasance of such Receiver, his employees or agents. Except as otherwise directed by Lender, all money received by such Receiver shall be received in trust for and paid to Lender. Such Receiver shall have all of the powers and rights of Lender described in this Section 6.2
- (e) Borrower shall pay all costs, charges and expenses incurred by Lender or any Receiver, whether directly or for services rendered (including, without limitation, solicitor's costs on a solicitor and his own client basis, auditor's costs, other legal expenses and Receiver remuneration) in enforcing this Agreement and in enforcing or collecting Obligations and all such expenses together with any money owing as a result of any borrowing permitted hereby shall be a charge on the proceeds of realization and shall be secured hereby.
- (f) Upon receiving written demand from Lender at any time an Event of Default has occurred and is continuing, Borrower shall assign or license the Intellectual Property to whomever Lender directs, including to Lender. Borrower appoints any officer or director of Lender to be its attorney in accordance with the *Powers of Attorney Act* (Ontario) with full power of substitution and to do on Borrower's behalf anything that is required to assign, license or transfer, and to record any assignment, license or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

SECTION 7. BORROWER REMAINS LIABLE

Notwithstanding any other provision in this Agreement, the Borrower shall remain liable under all Licence Agreements. The Borrower shall perform all of its duties and obligations

thereunder just as if this Agreement had not been executed. The Borrower shall not be released from any of its duties or obligations under the Licence Agreements by the exercise of any rights by the Lender. The Lender shall not have any obligation or liability under the Licence Agreements by reason of this Agreement, nor shall the Lender be obliged to perform any of the obligations or duties of the Borrower thereunder or to take any action to collect or enforce any claim for payment assigned hereunder. The rights and powers conferred on the Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers.

**SECTION 8. JURY TRIAL WAIVER; OTHER WAIVERS
AND CONSENTS; GOVERNING LAW**

8.1 Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver.

- (a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (b) Borrower irrevocably consents and submits to the non-exclusive jurisdiction of the Ontario Court (General Division) and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Financing Agreements or in any way connected or related or incidental to the dealings of Borrower and Lender in respect of this Agreement or the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agrees that any dispute with respect to any such matters shall be heard only in the courts described above (except that Lender shall have the right to bring any action or proceeding against Borrower or its property in the courts of any other jurisdiction which Lender deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against Borrower or its property).
- (c) Borrower hereby waives personal service of any and all process upon it and consents that all such service of process may be made by registered mail (return receipt requested) directed to its address set forth on the signature pages hereof and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the Canadian mails, or, at Lender's option, by service upon Borrower in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, Borrower shall appear in answer to such process, failing which Borrower shall be deemed in default and judgment may be entered by Lender against Borrower for the amount of the claim and other relief requested.

- (d) BORROWER HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF BORROWER AND LENDER IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. BORROWER HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT BORROWER OR LENDER MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF BORROWER AND LENDER TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.
- (e) Lender shall not have any liability to Borrower (whether in tort, contract, equity or otherwise) for losses suffered by Borrower in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Lender that the losses were the result of acts or omissions constituting gross negligence or willful misconduct. In any such litigation, Lender shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement and the other Financing Agreements.
- (f) Borrower hereby expressly waives all rights of notice and hearing of any kind prior to the exercise of rights by Lender from and after the occurrence of an Event of Default to repossess the Collateral with judicial process or to replevy, attach or levy upon the Collateral or other security for the Obligations. Borrower waives the posting of any bond otherwise required of Lender in connection with any judicial process or proceeding to obtain possession of, replevy, attach or levy upon the Collateral or other security for the Obligations, to enforce any judgment or other court order entered in favour of Lender, or to enforce by specific performance, temporary restraining order, preliminary or permanent injunction, this Agreement, the Loan Agreement or any other Financing Agreement.

8.2 Waiver of Notices. Borrower hereby expressly waives demand, presentment, protest and notice of protest and notice of dishonour with respect to any and all instruments and commercial paper, included in or evidencing any of the Obligations or the Collateral, and any and all other demands and notices of any kind or nature whatsoever with respect to the Obligations, the Collateral and this Agreement, except such as are expressly provided for herein. No notice to or demand on Borrower

which Lender may elect to give shall entitle Borrower to any other or further notice or demand in the same, similar or other circumstances.

- 8.3 Amendments and Waivers. Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Lender. Lender shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Lender would otherwise have on any future occasion, whether similar in kind or otherwise.
- 8.4 Waiver of Counterclaims. Borrower waives all rights to interpose any claims, deductions, setoffs or counterclaims of any nature (other than compulsory counterclaims) in any action or proceeding with respect to this Agreement, the Obligations, the Collateral or any matter arising therefrom or relating hereto or thereto.
- 8.5 Indemnification. Borrower shall indemnify and hold Lender, and its directors, agents, employees and counsel, harmless from and against any and all losses, claims, damages, liabilities, costs or expenses imposed on, incurred by or asserted against any of them in connection with any litigation, investigation, claim or proceeding commenced or threatened related to the negotiation, preparation, execution, delivery, enforcement, performance or administration of this Agreement, any other Financing Agreements, or any undertaking or proceeding related to any of the transactions contemplated hereby or any act, omission, event or transaction related or attendant thereto, including, without limitation, amounts paid in settlement, court costs, and the fees and expenses of counsel, except as a result of Lender's own gross negligence or wilful misconduct, as determined pursuant to a final order of a court of competent jurisdiction which order is either non-appealable or has not been appealed by Lender within the time period fixed by law. To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section may be unenforceable because it violates any law or public policy, Borrower shall pay the maximum portion which it is permitted to pay under applicable law to Lender in satisfaction of indemnified matters under this Section. The foregoing indemnity shall survive the payment of the Obligations, the termination of this Agreement and the termination or non-renewal of the Loan Agreement. All of the foregoing costs and expenses shall be part of the Obligations and secured by the Collateral.

SECTION 9. MISCELLANEOUS

- 9.1 Notices. All notices, requests and demands hereunder shall be in writing and (a) made to Lender at 141 Adelaide Street West, Suite 1508, Toronto, Ontario, M5H 3L9 and to Borrower at its chief executive office set forth below, or to such other address as either party may designate by written notice to the other in accordance with this provision, and (b) deemed to have been given or made: if delivered in

person, immediately upon delivery; if by facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next business day, one (1) business day after sending; and if by registered mail, return receipt requested, five (5) days after mailing.

- 9.2 Partial Invalidity. If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.
- 9.3 Successors. This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon Borrower and its successors and assigns and inure to the benefit of and be enforceable by Lender and its successors and assigns, except that Borrower may not assign its rights under this Agreement, the other Financing Agreements and any other document referred to herein or therein without the prior written consent of Lender.
- 9.4 Entire Agreement. This Agreement, the other Financing Agreements, any supplements hereto or thereto, and any instruments or documents delivered or to be delivered in connection herewith or therewith represents the entire agreement and understanding concerning the subject matter hereof and thereof between the parties hereto, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.
- 9.5 Attachment. The Security Interest created hereby is intended to attach when this Agreement is executed by Borrower and delivered to Lender.
- 9.6 Headings. The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

9.7 Acknowledgment. Borrower acknowledges receipt of a copy of this Agreement. Borrower further acknowledges that Lender may register copies of this Agreement and in such event it will be available to the public for inspection. Borrower shall co-operate and assist Lender, as requested by Lender, with respect to any registrations of or relating to this Agreement which Lender deems appropriate.

IN WITNESS WHEREOF, Borrower has caused these presents to be duly executed as of the day and year first above written.

BRAKE PRO, LTD.

By: Russell K. Army

Title: President

CHIEF EXECUTIVE OFFICE:

250 Doney Crescent
Concord, Ontario,
L4K 3A8

Fax number (416) 213-7164

[CORPORATE SEAL]

CFC\BRAKEPRO\MPSA.AGR

Schedule "A"

Copyrights

None.

Schedule "B"

Designs

See Schedule "G"

Schedule "C"

Licensee Licence Agreements

None.

Schedule "D"

Licensor Licence Agreements

None.

Schedule "E"

Patents

CANADIAN PATENTS

Patent

Patent No.

None.

U.S. PATENTS

Patent

Patent No.

None.

Schedule "F"

Software

None.

SCHEDULE "G.1"
TRADE-MARKS

CANADA

Trade-Mark	Application No.	Registration No.	Date Filed/Registered
CANADIAN METALLIC	1027556	TMA590036	Date Filed – September 1, 1999 Date Registered – September 17, 2003
INTEGRABLOK	0720170	TMA433401	Date Filed – January 7, 1993 Date Registered – September 16, 1994
BRAKEPRO	1187974	TMA638492	Date Filed – August 21, 2003 Date Registered – April 27, 2005
BRAKEPRO & Design	1187975	TMA649111	Date Filed – August 21, 2003 Date Registered – September 27, 2005
INTEGRASHOE	1237874	Pending	Date Filed – November 19, 2004
CCM	1237873	Pending	Date Filed – November 19, 2004

Schedule "G"

Trade-marks

<u>TRADEMARK</u>	<u>TMA REGIST. NO.</u>	<u>RENEWAL DATE</u>	<u>APPL'N DATE</u>	<u>APPL'N SERIAL NO.</u>
CM			10/16/91	714,956 (Canada)
CM18			10/07/92	714,958 (Canada)
INTEGREBLOK			10/07/93	720,170 (Canada)
TE plus Design			10/02/92	714,066 (Canada)
CM			12/07/93	1,809,026 (U.S.)
CM18			11/30/93	1,807,355 (U.S.)
INTEGREBLOK			11/30/03	1,807,354 (U.S.)
TE plus Design			06/29/93	1,778,649 (U.S.)