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Florida Department of State

Division of Corporations

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FLORIDA PROFIT CORPORATION OR P.A.

Portfolio Acquisitions Canada Inc.

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FLORIDA DEPARTMENT OF STATE
Katherine Harris
Secretary of State

June 5, 2002

FOLEY & LARDNER OF TAMPA

SUBJECT: PORTFOLIO ACQUISITIONS CANADA INC.
REF: W02000016330

We received your electronically transmitted document. However, the document has not been filed. Please make the following corrections and refax the complete document, including the electronic filing cover sheet.

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FROM

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ARTICLES OF INCORPORATION
OF
PORTFOLIO ACQUISITIONS CANADA INC.

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SECRETARY OF STATE
TALLAHASSEE FLORIDA

Pursuant to the Florida Business Corporation Act, Chapter 607, Florida Statutes, the undersigned incorporator of **Portfolio Acquisitions Canada Inc.**, a Florida corporation (the "Corporation"), hereby adopts the following Articles of Incorporation for the Corporation:

ARTICLE 1

The name of the Corporation is Portfolio Acquisitions Canada Inc.

ARTICLE 2

The address of the Corporation's registered office in the State of Florida is 200 Laura Street, Jacksonville, Florida 32202, and its agent for service of process at such office is F&L Corp. The principal office and mailing address of the Corporation is 376 Richmond Street, London, Ontario N6A 3C7.

ARTICLE 3

The aggregate number of shares that the Corporation shall have authority to issue is one thousand (1,000), consisting of one class only, designated as "Common Stock," \$0.01 par value per share.

ARTICLE 4

The name and address of the sole incorporator is:

David L. Robbins, Esq.
Folcy & Lardner
100 North Tampa Street
Suite 2700
Tampa, Florida 33602

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ARTICLE 5

PURPOSE

The purpose of the Corporation shall be as follows:

- (a) To acquire, own, hold, service, sell, assign, pledge, finance, refinance and otherwise deal with from time to time the indebtedness and other obligations of any Obligor (as defined below) under a Contract (as defined below) whether constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale by third parties of goods or services in the ordinary course of business, and includes the right to payment of any interest or finance charges and other obligations of such Obligor with respect thereto (collectively, "Receivables");
- (b) To acquire, own, hold, service, sell, assign, pledge, finance, refinance and otherwise deal with all Related Security (as defined below);
- (c) To sell, assign, pledge or otherwise transfer the Receivables (and all Related Security) or interests therein to any affiliated or unaffiliated third party or parties;
- (d) To execute and deliver this Corporation's subordinated promissory note payable to the order of Portfolio Management Canada Inc.
- (e) To negotiate, authorize, execute, deliver, assume the obligations under, and perform, any agreement or instrument or document relating to the activities set forth in clauses (i) through (iv) above, including but not limited to any purchase agreement, sale agreement, indenture, note, loan agreement, security agreement, receivables purchase agreement, indemnification agreement or underwriting agreement;
- (f) To pay dividends permitted by the Loan Documents (as defined below);
and
- (g) To engage in any activity and to exercise any powers permitted to corporations under the laws of the State of Florida that are related or incidental to the foregoing and necessary, convenient or advisable to accomplish the foregoing.

ARTICLE 6

MAINTENANCE OF SEPARATE EXISTENCE

The Corporation shall:

- (a) Enter into transactions with affiliates only on an arm's length basis on commercially reasonable terms.

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- (b) Maintain its books and records separate and apart from any other person.
- (c) Maintain its bank accounts separate and apart from any other person.
- (d) Not commingle its assets with those of any other entity and hold all of its assets in its own name.
- (e) Conduct its own business in its own name.
- (f) Maintain separate financial statements, showing its assets and liabilities separate and apart from those of any other entity and shall not have its assets listed on the financial statement of any other entity.
- (g) File its tax returns (if required to file returns) separate and apart from those of any other entity.
- (h) Pay its own liabilities and expenses from out of its own funds.
- (i) Observe all corporate formalities.
- (j) Pay the salaries of its own employees out of its own funds and maintain a sufficient number of employees in light of its contemplated business purposes.
- (k) Not guarantee or become obligated for the debts of any other entity or person.
- (l) Not hold out its credit as being able to satisfy the obligations of any other entity.
- (m) Not acquire the obligations or securities of its affiliates, owners or shareholders.
- (n) Allocate fairly and reasonably any overhead expenses that are shared with affiliates, including the paying for office space.
- (o) Use separate stationery, invoices and checks bearing its own name.
- (p) Not pledge its assets for the benefit of any other person, except that the Corporation may pledge its assets to secure the obligations under the Loan Documents.

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- (q) Hold itself out as a separate entity, to correct any known misunderstandings regarding its separate identity, and shall not identify itself as a division of any other person or entity.
- (r) Maintain adequate capital in light of its contemplated business operations.
- (s) Not form, acquire or hold any subsidiaries.

ARTICLE 7

LIMITATIONS ON ACTIVITIES

The Corporation shall not do any of the following:

- (a) Engage in any business or activity other than as set forth in Article 5 hereof;
- (b) Without the unanimous affirmative vote of the members of the Board of Directors of the Corporation, vote in favor of doing any of the following: (1) consent to the institution of bankruptcy or insolvency proceedings against it, (2) file a petition seeking or consent to reorganization or relief under any applicable federal or state law relating to bankruptcy, (3) seek or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) for itself or a substantial part of its property, (4) make a general assignment for the benefit of creditors, (5) admit in writing its inability to pay its debts generally as they become due, or (6) take any corporate action in furtherance of the actions set forth in clauses (1) through (5) of this paragraph;
- (c) While any amount under the Loan Documents remains outstanding, create, incur, or assume or in any manner become liable in respect of any indebtedness other than pursuant to the Loan Documents, accounts payable and expense accruals incurred in the ordinary course of business and which are incident to the single business purpose of the Corporation as stated in Article 5, but excluding any liability in respect of the unpaid purchase price of Receivables and Related Security; or
- (d) While any amount under the Loan Documents remains outstanding, the Corporation shall not dissolve, liquidate, merge or consolidate with any other corporation, company or entity or sell, lease or otherwise transfer (except as contemplated by Article 5 hereof) all or substantially all of its assets to, or acquire all or substantially all of the assets or capital stock or other ownership interests of, any other corporation, company or entity.
- (e) While any amount under the Loan Documents remains outstanding, the Corporation shall not, without the prior written consent of the Lender, amend or restate these Articles of Incorporation.

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ARTICLE 8

BOOKS AND RECORDS

The Corporation shall maintain its books and records at the Corporation's principal office and shall be available for examination by any shareholder or its duly authorized representative(s) at any reasonable time. The Corporation shall insure at all times that it maintains corporate records and books of accounts which are separate from those of any other corporation, company or entity, including its affiliates.

ARTICLE 9

AMENDMENTS

The Shareholder(s) reserve the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in any manner now or hereafter provided herein or by statute; provided, however, that the Shareholder(s) shall not amend, alter, change or repeal any provision of Articles 5, 6, 7, 8, 9, 10, 13 or 14 (such Articles, the "Restricted Articles") without the unanimous affirmative vote of all of the members of the Board of Directors, and provided, further, that the Shareholder(s) shall not amend or change any Article so as to be inconsistent with the Restricted Articles. Notwithstanding the foregoing, while any amount under the Loan Documents remains outstanding, the Corporation shall not amend Articles 5, 6, 7, 8, 9 or 10 without the prior consent of the holder of the Loan Documents.

ARTICLE 10

BOARD OF DIRECTORS

The Corporation hereby elects the following named individuals to serve as the initial members of its Board of Directors:

Andrew L. Szemenyei
Gerry Coffin
Gerry Leslie
Lance Todd

ARTICLE 11

DEFINITIONS

The capitalized definitional terms used herein shall have the following respective meanings:

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"Contract" means, with respect to any Receivable, any and all instruments, agreements, invoices or other writings pursuant to which such Receivable arises or which evidences such Receivable.

"Lender" means Varde PMC, Inc.

"Loan Documents" mean that certain Asset Purchase Agreement among the Corporation, Varde PMC, Inc., as Lender, PACI and other parties signatories thereto, and all documents and agreements related thereto or executed in connection therewith, as amended, restated, supplemented and/or modified from time to time.

"Obligor" means a Person obligated to make payments pursuant to a Contract.

"Person" means an individual, partnership, corporation (including a business trust), governmental or quasi-governmental entity, limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity.

"Receivable" shall have the meaning set forth in Article 5 above.

"Related Security" means, with respect to any Receivable: (i) all security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all financing statements and security agreements describing any collateral securing such Receivable; (ii) all guaranties, letters of credit, insurance and other agreements and arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise; (iii) all service contracts and other contracts and agreements associated with such Receivable; (iv) all records and all rights under the Contract(s) related to such Receivable; and (v) all proceeds of any of the foregoing.

ARTICLE 12

INDEMNIFICATION

The liability of the directors of the Corporation shall be limited or eliminated to the fullest extent permitted by the Business Corporation Act of the State of Florida, as the same may be amended or supplemented. Any repeal or modification of the foregoing provision shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE 13

When exercising any vote on whether the Corporation will take any action described in paragraph (b) of Article 7 hereof, each director shall cast its vote recognizing that it owes its primary fiduciary duty or other obligation to the Corporation (including, without limitation, the

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Corporation's creditors) and not to the stockholders (except as may specifically be required by the Florida Business Corporation Act). Every stockholder of the Corporation shall be deemed to have consented to the foregoing provisions of this Article 13, specifically and without limitation the waiver of his, her or its right to cause a dissolution of the Corporation under Section 607.1402(6) of the Business Corporation Act of the State of Florida, (i) by virtue of such stockholder's consent to these Articles of Incorporation, with respect to the initial stockholders, and (ii) by virtue of such stockholder's purchase of stock of the Corporation, with respect to any subsequent stockholders.

ARTICLE 14

The Corporation is to have perpetual existence.

IN WITNESS WHEREOF, the undersigned incorporator of the Corporation has, in accordance with the Florida Business Corporation Act, executed these Articles of Incorporation this 5th day of June, 2002.



David L. Robbins,
Incorporator

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ACKNOWLEDGEMENT OF REGISTERED AGENT

The undersigned, having been designated to accept service of process for PORTFOLIO ACQUISITIONS CANADA INC., at the place indicated in the foregoing Articles of Incorporation, does hereby accept the appointment as registered agent and does hereby acknowledge that the undersigned is familiar with and accepts the obligations of such position as set forth in the Florida Business Corporation Act.

Executed this 5th day of June, 2002.

F&L CORP.

By: David L. Robbins
David L. Robbins,
Authorized Signatory

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