



Priority Agreement Specified Collateral

MADE EFFECTIVE this day of , (the "Effective Date")

BETWEEN:

ATB FINANCIAL
previously **Alberta Treasury Branches**
("ATB")

-and-

("Secured Party")

-and-

("Debtor")

RECITALS:

- A. The Debtor is or will become indebted to the Secured Party and as security for such indebtedness has granted or will grant security interests to the secured Party in the Secured Party Collateral;
- B. The Debtor is or will become indebted to ATB and as security for such indebtedness has granted or will grant security interests to ATB in the ATB Collateral;
- C. The Secured Party and ATB have each registered financing statements in respect of their security interests in the Personal Property Registry for the Province of Alberta or intend to do so;
- D. The Secured Party and ATB wish to determine the priority of their respective security interests by this agreement.

In consideration of the Recitals and of the agreements set out below, the parties agree that:

Definitions

- 1. Unless otherwise defined in this agreement, all terms used in this agreement which are defined in the Personal Property Security Act ("PPSA") in effect in Alberta on the date of this agreement will have the meanings given to those terms in the PPSA.
- 2. In this agreement the following terms will have the following meanings:



- (a) "Account operator" means either ATB or the Secured Party who operates a banking account for the Debtor, as determined by the context and circumstances applicable to the use of such term in this agreement;
- (b) "ATB Collateral" means the Debtor's personal property which is described or identified in the attached Schedule "A";
- (c) "ATB Security" means any security, security agreement or security interest now or in the future held by ATB from the Debtor in respect of the ATB Collateral;
- (d) "Banking account" means a deposit account, chequing account, current account, savings account or similar type of account maintained by the Debtor at any branch or office of ATB or the Secured Party from time to time while this agreement is in force;
- (e) "Secured Party Collateral" means the Debtor's personal property which is described or identified in the attached Schedule "B";
- (f) "Security" means collectively the ATB Security and the Secured Party Security;
- (g) "Secured Party Security" means any security, security agreement or security interest now or in the future held by the Secured Party from the Debtor in respect of the Secured Party Collateral.

Consents

- 3. ATB consents to the creation and issuance by the Debtor to the Secured Party of the Secured Party Security and to the incurring by the Debtor of the indebtedness and obligations secured by it.
- 4. The Secured Party consents to the creation and issuance by the Debtor to ATB of the ATB Security and to the incurring by the Debtor of the indebtedness and obligations secured by it.

Priorities

- 5. All perfected security interests granted by the Debtor to the Secured Party in the Secured Party Collateral will have priority over any security interest that ATB now or hereafter has in the Secured Party Collateral.
- 6. All perfected security interests granted by the Debtor to ATB in the ATB Collateral will have priority over any security interest that the Secured Party now or hereafter has in the ATB Collateral.
- 7. Subject to Section 8, each of the Secured Party and ATB, as the case may be, will be entitled, in priority to any security interest of the other, to all proceeds and accounts of the Debtor arising out of the sale or lease by the Debtor of such party's Collateral and against which such party has a perfected security interest.
- 8. Notwithstanding Section 7, where the Debtor operates a banking account with either the Secured Party or ATB, neither the Secured Party nor ATB, as the case may be, will be entitled to claim any proceeds (whether cash, instruments, accounts or in other form) that are deposited to any banking account of the Debtor held at any branch of the other:
 - (a) unless they are specifically directed by the Debtor to be credited to a trust account for the benefit of the Secured Party or ATB, as the case may be, or

- (b) except those received by the account operator more than _____ business days after the account operator has received notice pursuant to Section 9.
9. It is intended and agreed that banking accounts of the Debtor held at either the Secured Party or ATB will be operated in the ordinary course free of any proceeds claim by the other until the account operator receives written notice from the other that the Debtor is in default and the other intends to enforce its security against the Debtor, whereupon subsection 8(b) will apply.
10. The priorities established in this agreement will apply in all circumstances regardless of :
- (a) the respective dates of execution, attachment, registration or perfection of the Security or the security interests created thereby;
 - (b) the dates of advances of loans or extensions of credit made to the Debtor by ATB or the Secured Party;
 - (c) the date of default by the Debtor under any of the Security, the dates of crystallization of any floating charges held by either ATB or the Secured Party, the date of the appointment of a receiver, or the taking of any other steps to realize under any of the Security;
 - (d) any priority granted by any principle of law or any statute, including without limitation the Banks and the Banking Law Revision Act (Canada) or the PPSA.
11. If any of the Security is found by a court of competent jurisdiction to be unenforceable or invalid, the foregoing priority provisions will not apply to such Security to the extent that it is found to be unenforceable or invalid.
12. Any insurance proceeds received by any of the parties in respect of any collateral charged by the Security will be dealt with according to the preceding provisions of this agreement as though such insurance proceeds were paid or payable as proceeds of realization of the collateral for which they compensate.
13. If either ATB or the Secured Party realize upon their security and in so doing receive money to which the other is entitled pursuant to this agreement, then such money will be held in trust for the other and paid over to the other on demand as long as and to the extent that the Debtor is then indebted to such party.

Notices

14. Any notice required or permitted to be given pursuant to this agreement will be in writing addressed to the parties as follows:

TO ATB:
Attention:
Fax No.:
Telephone No.:

TO the Secured Party:
Attention:
Fax No.:
Telephone No.:



TO the Debtor:

Attention:

Fax No.:

Telephone No.:

Notices may be sent by fax or may be delivered during the business hours of the intended recipient. Notices will be deemed to have been received on the first business day following receipt on the fax machine of the recipient or on the date of delivery. Any party may change its delivery address by written notice to the other parties sent in the manner provided above.

General

15. As long as any of the indebtedness of the Debtor remains outstanding, the Debtor will stand possessed of its assets so charged for ATB and the Secured Party in accordance with their respective interests and priorities as herein set out. The Debtor consents to ATB and the Secured Party advising each other of the particulars of the indebtedness of the Debtor to each and exchanging any other financial information they deem relevant. Neither ATB nor the Secured Party will have or incur any liability to the Debtor for providing such information, nor for any direct or indirect consequences resulting from doing so.
16. The parties will do all things necessary from time to time to give full effect to this agreement. No consent of the Debtor will be necessary to any amendment of the terms of this agreement by ATB and the Secured Party.
17. This agreement may be terminated by either ATB or the Secured Party at any time on ten days written notice. Such termination will not effect a termination of this agreement with respect to any existing loans or advances made to the Debtor by either ATB or the Secured Party or the security interests of either of them in any assets of the Debtor obtained prior to the effective date of such termination. Termination of this Agreement by either ATB or the Secured Party may be treated by the other as a notice under Section 9, in which case the provisions of Subsection 8(b) will apply to any money or instruments received prior to or after the effective date of such termination.
18. Upon termination of this agreement pursuant to Section 17 or upon receipt of notice pursuant to Section 9, ATB or the Secured Party may, at their option and as applicable, do any one or more of the following:
 - (a) treat such event as an event of default entitling it to immediately terminate any or all credit facilities of the Debtor, including any revolving line of credit, and to refuse to make any further advances on any such facilities;
 - (b) demand immediate payment of all amounts owed by the Debtor;
 - (c) refuse to pay cheques on or otherwise permit withdrawals from any of the Debtor's banking accounts;
 - (d) deal with any credit balances in any of the Debtor's banking accounts in such manner as it in its sole discretion thinks fit;
 - (e) take any such steps as it thinks fit in order to comply with the terms of this agreement.

19. This agreement may be executed in counterpart. Each counterpart when executed will be deemed to be an original and all counterparts together will constitute one agreement, to be effective as of the Effective Date.
20. This agreement will be interpreted in accordance with the laws of the Province of Alberta and the courts of Alberta will have jurisdiction over any dispute related to it.



This agreement may be executed electronically; this agreement may be delivered by email, facsimile or other functionally-equivalent means.

Executed as of the Effective Date.

SIGNED in the presence of:

ATB

By its authorized representative

Witness:

SIGNED in the presence of:

ATB

By its authorized representative

Witness:

SECURED PARTY:

Per: _____

Per: _____

DEBTOR:

Per: _____

Per: _____



Schedule "A"

(Put an "X" beside the collateral that applies)

ATB Collateral:

- a) All of the Debtor's present and after acquired inventory, the acquisition of which is or has been financed by ATB, consisting of new and used and all parts and supplies intended to be attached to or included with such at time of sale; and/or
- b) All inventory of the Debtor wherever located; and/or
- c) All accounts receivable of the Debtor including all accounts, instruments, claims, demands, debts and other actions or causes of action of every nature however arising which are now due, owing or accruing due, or which may hereafter become due, owing or accruing due to the Debtor, together with all records (whether in writing or not) and other documents of any kind which in any way evidence or relate to any or all of such accounts receivable; and/or
- d) All present and after acquired personal property of the Debtor other than the Secured Party Collateral which is described in Schedule "B" hereto; and/or
- e) The following specific

Schedule "B"

(Put an "X" beside the collateral that applies)

Secured Party Collateral:

- a) All of the Debtor's present and after acquired inventory, the acquisition of which is or has been financed by Secured Party, consisting of new and used and all parts and supplies intended to be attached to or included with such at time of sale; and/or
- b) All inventory of the Debtor wherever located; and/or
- c) All accounts receivable of the Debtor including all accounts, instruments, claims, demands, debts and other actions or causes of action of every nature however arising which are now due, owing or accruing due, or which may hereafter become due, owing or accruing due to the Debtor, together with all records (whether in writing or not) and other documents of any kind which in any way evidence or relate to any or all of such accounts receivable; and/or
- d) All present and after acquired personal property of the Debtor other than the ATB Collateral which is described in Schedule "A" hereto; and/or
- e) The following specific