

POSTPONEMENT AGREEMENT

THIS AGREEMENT made and effective the ___ day of _____, _____.

BETWEEN:

«BORROWER», a corporation incorporated under the laws of _____ (hereinafter called the “Borrower”)

OF THE FIRST PART

and

«LENDER», a corporation incorporated under the laws of _____ (hereinafter called the “Lender”)

OF THE SECOND PART

and

«BANK», located at _____ (hereinafter called the “Bank”),

OF THE THIRD PART

WHEREAS:

- A. The Lender has registered a financing statement against the name of the Borrower pursuant to the *Personal Property Security Act* (_____) (the “Act”) as Instrument No. _____ (the “Prior Registration”) with respect to a security Agreement (the “Lender Security”) over all of the present and after-acquired personal property of the Borrower (the “Collateral”);
- B. The Bank has registered a financing statement against the name of the Borrower pursuant to the Act as Instrument No. _____ (the “Subsequent Registration”) with respect to a security agreement (the “Bank Security”) over the Collateral;
- C. The parties hereto have agreed to enter into this Agreement in order to set the respective priorities of the Lender Security and the Bank Security.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and other good and valuable consideration the parties hereto hereby covenant, undertake, declare and agree as follows:

1. Each of the Bank, the Lender and the Borrower declare, covenant and agree that, with respect to the Collateral, both present and future, the Lender Security is hereby postponed and subordinated in all respects to the security constituted by the Bank Security.
2. The postponement and subordination contained herein shall apply in all events and circumstances regardless of:
 - (a) the date of execution, attachment, registration or perfection of any security interest held by the Lender or the Bank; or
 - (b) the date of any advance or advances made to the Borrower by the Bank or the Lender; or
 - (c) the date of default by the Borrower under any of the Bank Security or the Lender Security; or
 - (d) any priority granted by any principle of law or any statute including the Act.
3. Any insurance proceeds received by the Borrower or by the Bank or the Lender in respect of the collateral charged by the Bank Security or the Lender Security shall be dealt with according to the preceding provisions hereof as though such insurance proceeds were paid or payable as proceeds of realization of the collateral for which they compensate.
4. If any of the Bank Security or the Lender Security is claimed or found by a trustee in bankruptcy or a court of competent jurisdiction to be unenforceable, invalid, unregistered or unperfected, the foregoing provisions shall not apply to such security to the extent that such security is so found to be unenforceable, invalid, unregistered or unperfected as against the third party unless the secured party is diligently contesting such claim and has provided the other secured party with a satisfactory indemnity.

THIS IS A 3-PAGE FORM.