SUBORDINATION AGREEMENT

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

FOR VALUE RECEIVED and in order to induce _____ of _____ (the "Grantee") to make loan advances, provide credit or to make other financial accommodation to _____ of _____ (the "Debtor"), the undersigned _____, a secured creditor of the Debtor, hereby subordinates the security interest of the undersigned to the security interest of the Grantee in the following:

(a) all inventory now or hereafter owned or acquired by the Debtor and all proceeds thereof except all inventories now or hereafter owned or acquired by the Debtor the acquisition of which has resulted from letters of credit arranged by the undersigned for the benefit of the Debtor;

(b) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;

(c) all accounts and book debts and generally all debts, dues, claims, demands, accounts and [illegible] of every nature and kind howsoever arising or secured, including letters of credit and [illegible] of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor ("Debts");

(d) all deeds, [illegible] documents, writings, papers, books of account and other books relating to or being evidence of Debts, Chattel Paper or Documents of Title by which such are or may hereafter be secured, evidenced, known, dealt with or made payable;

(e) all [illegible] rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other industrial property;

(f) all property described in Schedule "A" or any schedule now or hereafter annexed hereto;

(g) without in any way limiting the generality of the foregoing, the motor vehicles, trailers, mobile homes and airplanes described in Schedule "B" attached hereto and forming part hereof; provided that the parties agree that in the event that no motor vehicles, trailers, mobile homes and airplanes are charged in favour of the Secured Party herein, there will not be a completed Schedule "B" attached hereto;

(h) all proceeds of any and all of the foregoing.

DATED at _____ this ___ day of _____, _____.

SECURED PARTY

Per:_____

SAMPLE PREVIEW

Schedule "A"
Description of Property