

APPENDIX D

COMMODITY LOAN PROGRAM (CLP) - PRIORITY AGREEMENT – FINANCIAL INSTITUTION

A separate Priority Agreement must be completed for each Financial Institution (i.e. Bank, Credit Union, etc.) at which the Applicant/Producer maintains a Farm-related deposit/loan account.

Producer Name (the "Producer"): _____
(Name of Individual, Partnership, or Corporation)

Agricultural Crop(s): _____ (the "Crop(s)") Amount of Loan (the "Producer Loan"): \$ _____

Please Complete (EITHER Part 1 OR Part 2) plus Complete & Sign Part 3

PART 1 – To be completed where the Financial Institution HAS security interest in current year Crops (i.e GSA)

In consideration of the matters hereinafter described, Agricultural Credit Corporation ("ACC") and _____ (the "Lender"), hereby agree that ACC's

Name of Financial Institution

security interest in the current year's Crop(s) and proceeds therefrom and in the production insurance payments and Business Risk Management Program payments (the "Security") of the Producer now held or to be held by ACC, shall rank prior to the Lender's security interest in the said Security given by the Producer under the provisions of Section 427 of the Bank Act and any other security interest given to the Lender in respect of said Security, but only to the extent of securing repayment to ACC of the Producer Loan plus interest and costs; provided such interest and costs shall not exceed the *actual interest and costs payable by Producer to ACC* and provided that the Lender may apply up to a maximum of \$ _____ of the monies advanced to the Producer by ACC in order to reduce the Producer's indebtedness to the Lender pursuant to an **OPERATING CREDIT FACILITY.**

This agreement is subject to the following conditions:

- i) that the Producer Loan, less a 2.0% holdback and any fees payable by the Producer to ACC, shall be payable jointly to the Producer and the Lender or in the event that another creditor holds a prior or equal security interest in the same Security, jointly to the Producer, the Lender and to that other creditor;
- ii) that the Producer's assignment of production insurance payments and, if applicable, Business Risk Management Program payments with respect to the Crop(s) and proceeds therefrom assigned to ACC shall rank prior to the Lender's claim on such payments but only to the extent of securing repayment to ACC of the Producer Loan plus interest and costs as herein provided; and
- iii) that the priority of the security interest of ACC in the current year's Crop(s) and proceeds therefrom of the Producer under this agreement shall terminate as between ACC and the Lender when and to the extent that the Producer feeds the Crop(s) to livestock of the Producer.
- iv) Although we the financial institution do have a security interest or lien registered on the aforementioned security of the producer, we hereby declare that we do not require our name to appear as a payee on any advances that may become available from ACC to the producer unless formally requested in writing to ACC and such request submitted with this document.

PART 2 – Completed by Financial Institution where NO security interest is held in current year Crops

This is to certify that _____ (the "Lender") does not hold any security interest under Section 427 of the Bank Act or security under any

Name of Financial Institution

other law of Canada or the Provinces with respect to the current year's Crop(s) in the name of the Producer. The priority of the security interest of Agricultural Credit Corporation ("ACC") in the current year's Crop(s) and proceeds therefrom, production insurance payments and Business Risk Management Program payments of the Producer under this agreement shall terminate as between ACC and the Lender when and to the extent that the Producer feeds the Crop(s) to livestock of the Producer.

PART 3 – To be signed by all Lenders, regardless of security interest or lien

IN WITNESS WHEREOF the Lender has caused these presents to be signed by an authorized person/officer. This agreement shall be governed and construed in accordance with the laws of the Province of Ontario.

Dated at _____ the _____ day of _____, 20____.

Print Name of Authorized Officer of Lender

Print Title

Print Address

X _____
Signature of Authorized Officer of Lender Email Address of Officer Name of Financial Institution
I have the authority to bind the Lender

FOR OFFICE USE ONLY

Agricultural Credit Corporation

Name of Administrator

DD/MM/YYYY

Name and Title of Authorized Officer of Administrator

Signature of Authorized Officer of Administrator

Producer acknowledges and agrees that Producer's completion and execution of page 9 evidences Producer's agreement to be bound by all terms and conditions of this appendix including without limitation in respect of any assignment, undertaking, covenant, agreement, consent, authorization, acknowledgement, representation and/or declaration of the Producer(s) included herein.