

Feeder Associations

New Regulations and
Documents

SESSION 3

PRIORITY SECURITY

INTEREST

3. Priority Security Interest

Goal: to obtain a priority security interest over feeder association branded cattle supplied to the member

3. Priority Security Interest

Step 1 : registration of a financial security interest
in the Personal Property Registry of Alberta

3.1 Financing Statement (Form 7)

Personal Property Registry

Personal Property Security Agreement

(PPR or PPSA)

- Form 7 is currently being used by many associations.
- Manual 6.17

Purpose: To register a security interest over livestock supplied to the member by the association.

3.1 Financing Statement (Form 7)

- ◎ Once you are registered you are on the list of Creditors.
 - Five or ten year terms recommended
 - Specific to the brand >----<
- ◎ Barrhead will complete the search and the registry for the association if you wish.

3.1 Financing Statement (Form 7)

- Complete the form in boxes indicated
- Important to describe collateral exactly as per box on page 2 (description #1).
- Can amend existing registration as per page 2, but DON'T cancel current registration.

3. Priority Security Interest

Step 2 – Search for Competing Security Interest

3. Priority Security Interest

- ⦿ Make request to Barrhead FAA office or other registry service provider.
 - See service request form (Form 19)
- ⦿ Search “Personal Property Registry”
 - Alberta Registry
- ⦿ Search “Bank Act Registry”
 - Federal Registry
 - For Corporate and partnerships

3. Priority Security Interest

- IF NO competing security interests detected..... end of actions.
- IF competing security interests are detected...
- Obtain a Feeder Association Priority Agreement from the existing lender (s).

3.2 Feeders Association Priority Agreement (Form 9)

Purpose: A signed agreement giving the feeder association priority over any security interest that the lender now or hereafter has in the Feeder Association Collateral (feeder association branded livestock).

- ⦿ **Must** be signed by the feeder, the feeder association and the lender.

3.2 Feeders Association Priority Agreement (Form 9)

Two Options:

1. Member takes Form 9 to lender(s) for signature(s)
2. If lender(s) won't sign off, **or**, member prefers.....
.... Association sends Subordination Package to lender (s)

3.2 Feeders Association Priority Agreement (Form 9)

◎ “Subordination Package” to lender (s) by registered mail :

1. Subordination Cover Letter (Form 8)
2. Feeder Association Priority Agreement (Form 9)
3. Notice of Purchase-Money Security Interest -(PMSI - (Form 10)

3.2 Feeder Association Priority Agreement (Form 9)

- If the lender does **NOT** sign the Feeder Association Priority Agreement (Form 9)...

..... the Association's Purchase-Money Security Interest prevails.

Registered mail track must be kept

3. Priority Security Interest Review

1. Register a financial security interest (Form 7)
2. Search for competing security interests (Form 19 or other)
3. Get priority over competing security interests (Form 9 or “Subordination Package” 8, 9 & 10)

Questions or Comments?