

March \_\_, 2017

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

ATTN: \_\_\_\_\_

**RE: Security Interest in Assets of Modern Technologies Inc.**

Ladies and Gentlemen:

Modern Technologies Inc. (the "Company") has from time to time delivered and will continue to deliver to you certain items of the Company's inventory (collectively, the "Company Goods") for storage, handling and other miscellaneous warehousing services required by the Company at the warehouse operated by you and located at \_\_\_\_\_ (the "Premises").

The Company has entered into a Credit Agreement, dated March \_\_, 2017 (the "Credit Agreement," which may be amended, supplemented, amended and restated, renewed or otherwise modified from time to time) between the Company and Bank of the Wealth (the "Lender"). Pursuant to the Credit Agreement, the Company has granted to the Lender a security interest in, among other things, the Company Goods.

In furtherance of the foregoing:

1. You acknowledge that the Company is not a lessee or tenant of the Premises and that the Company Goods are not held by you as a consignee. You also acknowledge (i) that the Company Goods are not covered by a document of title and (ii) that the Company Goods are and will be segregated, identified and accounted for separately from the goods and other property belonging to you or other parties.

2. You are hereby notified that, pursuant to the Credit Agreement and the Security Agreement (defined therein), the Company has granted to the Lender a security interest in substantially all of its tangible and intangible personal property, including, without limitation, the Company Goods. You acknowledge and agree that you hold the Company Goods for the benefit of the Lender and that, if you take possession of additional property of the Company, you will hold such additional property for the benefit of the Lender.

3. You further acknowledge that:

- (i) You employ security measures consistent with industry practice with respect to safeguarding the property in your possession (including, without limitation, the Company Goods) from theft and damage;
- (ii) You disclaim any and all ownership rights and interests in the Company Goods, and legal and beneficial title thereto remains and will continue to remain in the Company;
- (iii) You have not agreed to hold the Company Goods, or any portion thereof, for the benefit of any party other than the Company or Lender;

- (iv) You agree not to enter into any arrangement similar to that set forth in this letter agreement with any other person or entity at any time with respect to the Company Goods or any portion thereof;
- (v) You acknowledge that the Lender's security interest in the Company Goods is superior to all other liens, rights, claims and interests which you may assert, including, without limitation, any right of offset or statutory claim. For so long as this letter agreement is in effect, you shall not foreclose or otherwise realize upon any security interest in, lien upon or claim to any of the Company Goods that you may have.

4. Your authority to release the Company Goods to the Company will continue, subject to the condition that upon the written direction of the Lender and you shall refuse to release the Company Goods or any portion of the Company Goods to the Company or any agent or representative of the Company. After you receive such direction, you may only release the Company Goods to the Lender or a party designated by the Lender.

5. You agree to give the Lender prompt notice if the Company terminates your services for processing or storage. You also agree to give the Lender notice if the Company is more than sixty days in arrears on any charges payable to you or if the Company otherwise defaults on its obligations to you. In such an event, you will allow Lender the option to cure such default within fifteen days of your notice to the Lender.

6. You are hereby authorized to grant to the Lender the same access to the Company Goods which is available to the Company. If the Company defaults on its obligations to the Lender and Lender undertakes to enforce the security interest in the Company Goods, you shall (i) cooperate with Lender in its efforts to assemble all of the Company Goods located on the Premises, (ii) not object to, hinder, delay or interfere with Lender's actions in enforcing its security interest in the Company Goods and (iii) upon the oral or written direction of Lender, deliver the Company Goods to such person(s) as Lender may instruct. It is understood, however, that Lender have no obligation to reclaim the Company Goods.

7. The Company agrees that you will have no liability to the Company if you comply with the Lender's written directions as described herein. The Company further agrees that it will continue to pay all fees and expenses related to your possession of the Company Goods and will reimburse you for all reasonable costs and expenses incurred as a direct result of your compliance with the terms and provisions of this letter.

8. You agree that the Lender may exercise all rights and remedies under applicable law in addition to any rights and remedies provided for in the Credit Agreement and Security Agreement or otherwise available to Lender with respect to the Company Goods. You also agree that the Lender may require the Company to assemble, at the Company's expense, all or part of the Company Goods and make them available to the Lender at the Premises or at another place designated by the Lender. You also agree that, with prior written notice to you, the Lender may sell the Company Goods or any part thereof in one or more parcels at public or private sales.

9. This Agreement is governed by and shall be construed in accordance with the laws of the Province of New Brunswick and the federal laws of Canada applicable in that province.

Very truly yours,

MODERN TECHNOLOGIES INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BANK OF THE WEALTH

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACKNOWLEDGED AND AGREED TO AS  
OF THE DATE FIRST ABOVE WRITTEN

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_