

Bankruptcy/Receivership Priority List

1. **Unpaid suppliers** (right to repossess 30-day goods, but subject to bona fide purchase for value)
2. **Unremitted source deductions** to CRA
3. **Unpaid workers** (unpaid wages up to \$2000 under WEPPA)
4. **Unpaid pension plan contributions** (employee contrib + employer regular contributions)
5. **Liens against specific property:**
 - a. **Environmental remediation costs** (charge by govt over real prop which required remediation by govt)
 - b. **Repairers and storers** (under the RSLA)
 - i. Possessory lien (super priority with respect to the article which is in their possession)
 - ii. Non-possessory lien (super priority with respect to the article, subject to a possessory lien)
6. **Purchase Money Security Interest (PMSI)** (priority over *all* other security interest in same collateral)
7. **Secured creditors** (generally, the first party to register has priority)
 - Note: priority/subordination agreements (binds only parties to the agreement)
 - a. **Bank Act s. 427** (has priority if the security was acquired first in time)
 - b. **PPSA secured creditors**
 - i. The first party to register the security under PPSA has priority
 - ii. **Investment property:**
 1. Subsequent bona fide purchaser for value w/o notice has priority
 2. Control has priority over non-control
 3. Where two security interests are perfected by control, first to perfect has priority
 4. Securities intermediary has priority over secured parties
 - iii. **Fixture:**
 1. Subsequent bona fide purchaser for value w/o notice has priority
 2. Security interest in the good attached before it became a fixture has priority over person with interest in the property
 - iv. **Accession**
 1. Subsequent bona fide purchaser for value w/o notice has priority
 2. Creditor who assumes control through execution/garnishment/legal process
 3. Security interest in the good that attached before good became an accession has priority over person with interest in whole
 - v. **Equipment Leases** (longer than 1 year)
 1. Enforcement remedy available for financing leases, not true leases
8. **Execution creditors**
 - a. If the execution process is completed, MAY have priority over secured creditors
 - b. If the sheriff has already seized the collateral, has priority over an unperfected secured creditor
9. **Trustee-in-bankruptcy** (right to deal with assets)
10. **Unperfected PMSI**
11. **Preferred creditors**
 - a. **Funeral costs** (if deceased bankrupt)
 - b. Costs to any person directed to **conserve property of bankruptcy estate**
 - c. Costs of **administration of estate by trustee**
 - d. Superintendent's **levy payable** (5%)
 - e. Alimony/support/maintenance of a child or spouse in the year preceding bankruptcy
 - f. Municipal taxes (levied within 2 years of bankruptcy)
 - g. **Landlord** (preferred claim for 3 months arrears and 3 months accelerated rent, available on bankruptcy instead of the right of distress)
12. **Unsecured creditors** (share proportionately- pro rata)
 - a. Execution creditors who have not completed the execution process
 - b. Crown claims not registered under the BIA (excluding employee source deductions but including workers compensation claims)