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3

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SECURITY AGREEMENT (General)

F.T.I. AVIATION, INC., an Illinois corporation hereinafter called the "Borrower" grants to BANK OF INDIANA, N.A. hereinafter called the "Secured Party" a security interest in the following described property:

A hanger and aircraft storage building designated as personal property and located at the Gary Municipal Airport on property described on Exhibit "A"; a leasehold and contract chose in action known as "Fixed Base Operator Ground Lease and Fueling Agreement" dated SEPTEMBER 24, 1980 between borrower and the Gary Airport Authority; all equipment fixtures and furnishings located and used in connection with the building located on Exhibit "A".

NOV 6 1 49 PM '80
WILLIAM DIELSKI JR
RECORDER
ALLEN COUNTY INDIANA
FILED FOR RECORD

together with all tools, accessories, parts, equipment and accessions now attached to or which may hereafter at any time be placed in or added to the above described property; also any replacements of such property herein described ("Collateral") to secure the payment of that certain indebtedness evidenced by a promissory

note or notes, executed by the Borrower to the Secured Party in the principal sum of not more than Five Hundred Fifty Thousand Dollars (\$550,000.00) of even date herewith or any extensions or

renewals thereof and all other liabilities of the Borrower in favor of the Secured Party direct or indirect, absolute or contingent, now existing or hereafter arising, all of which the Borrower agrees to pay without relief from valuation or appraisal laws and with attorneys' fees; also to secure the payment of any and all future advances that may be made by the Secured Party to the Borrower during the term of their Agreement, equally with and to the same extent as the monies originally advanced under this Agreement.

Borrower hereby warrants and agrees that:

1. The Collateral is being acquired for the following primary use: personal, or family use, business use, or farming operations.
2. The Collateral will will not be acquired with the proceeds of the loan provided for in this Agreement. (In the event the collateral will be acquired with the proceeds of the loan, the Secured Party may disburse such proceeds to the seller of the Collateral.)
3. The Collateral will be kept at the address of the business Borrower set out below, which in the case of a business is the address of the principal office of such business within this state. Borrower will not remove the Collateral from the state without the prior written consent of the Secured Party. If the Collateral is being acquired for farming use and the Borrower is not a resident of Indiana, the Collateral will be kept at the address set forth in the description of the Collateral. Borrower will immediately give written notice to the Secured Party of any change of address and in the case of a business, any change in its principal place of business and if the Collateral consists of equipment normally used in more than one state, any use of the Collateral in any jurisdiction other than a state in which the Borrower shall have previously advised the Secured Party such Collateral will be used.
4. Borrower has, or will acquire, full and clear title to the Collateral and except for the security interest granted herein, will at all times keep the Collateral free from any adverse lien, security interest or encumbrance.
5. In the event the Collateral will be attached to real estate, the description of such real estate and the known owner of record of such real estate are set forth in the description of the Collateral. If the Collateral is attached to such real estate prior to the perfection of the security interest granted herein, the Borrower will, on demand, furnish the Secured Party with a disclaimer or disclaimers executed by persons having an interest in such real estate.
6. No financing statement covering all or any portion of the Collateral is on file in any public office.
7. Borrower authorizes the Secured Party at the expense of the Borrower to execute and file on its behalf a financing statement or statements in those public offices deemed necessary by the Secured Party to protect its security interest in the Collateral. Borrower will deliver or cause to be delivered to the Secured Party any certificate or certificates of title to the Collateral with the security interest of the Secured Party noted thereon.
8. Borrower will not sell or offer to sell or otherwise transfer the Collateral or any interest therein without the prior written consent of the Secured Party.

EXHIBIT C

450

SECURED

9. Borrower will at all times keep the Collateral insured against loss, damage, theft and other risks in such amounts, under such policies and with such companies as shall be satisfactory to the Secured Party, which policies shall provide that any loss thereunder shall be payable to the Secured Party as its interest may appear and the Secured Party may apply the proceeds of such insurance against the outstanding indebtedness of the Borrower, regardless of whether all or any portion of such indebtedness is due and owing. All policies of insurance so required shall be placed in the possession of the Secured Party.

Upon failure of the Borrower to procure such insurance or to remove any encumbrance upon the Collateral or if such insurance is cancelled, the indebtedness secured hereby shall become immediately due and payable at the option of the Secured Party, without notice or demand, or the Secured Party may procure such insurance or remove any encumbrance on the Collateral and the amount so paid by the Secured Party shall be immediately repayable and shall be added to and become a part of the indebtedness secured hereby and shall bear interest at the rate of ~~eight percent (8%)~~ ^{twenty-four percent (24%)} per annum, until paid.

10. Borrower will keep the Collateral in good order and repair and will not waste or destroy the Collateral or any portion thereof. Borrower will not use the Collateral in violation of any statute or ordinance or any policy of insurance thereon and the Secured Party may examine and inspect such Collateral at any reasonable time or times wherever located.

11. Borrower will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation.

12. The occurrence of any one of the following events shall constitute default under this security Agreement: (a) nonpayment when due of any installment of the indebtedness hereby secured or failure to perform any agreement contained herein; (b) any statement, representation, or warranty at any time furnished the Secured Party is untrue in any material respect as of the date made; (c) Borrower becomes insolvent or unable to pay debts as they mature or makes an assignment for the benefit of creditors or any proceeding is instituted by or against the Borrower alleging that such Borrower is insolvent or unable to pay debts as they mature; (d) entry of judgment against the Borrower; (e) loss, theft, substantial damage, destruction, sale or encumbrance to or of all or any portion of the Collateral, or the making of any levy, seizure or attachment thereon or thereon; (f) death of the Borrower who is a natural person or of any partner of the Borrower which is a partnership; (g) dissolution, merger or consolidation or transfer of a substantial portion of the property of the Borrower which is a corporation or a partnership; or (h) the Secured Party deems itself insecure for any other reason whatsoever. When an event of default shall be existing, the note or notes and any other liabilities may at the option of the Secured Party and without notice or demand be declared and thereupon immediately shall become due and payable and the Secured Party may exercise from time to time any rights and remedies of a Secured Party under the Uniform Commercial Code or other applicable law. Borrower agrees in the event of default to make the Collateral available to the Secured Party at a place acceptable to the Secured Party which is convenient to the Borrower. If any notification or disposition of all or any portion of the Collateral is required by law, such notification shall be deemed reasonable and properly given if mailed at least ten (10) days prior to such disposition, postage prepaid to the Borrower at its latest address appearing on the records of the Secured Party. Expenses of retaking, holding, repairing, preparing for sale and selling, shall include the Secured Party's reasonable attorneys' fees and expenses. Any proceeds of the disposition of the Collateral will be applied by the Secured Party to the payment of expenses of retaking, holding, repairing, preparing for sale and selling the Collateral, including reasonable attorneys' fees and legal expenses and any balance of such proceeds will be applied by the Secured Party to the payment of the indebtedness then owing the Secured Party. See Additional Covenants.

No delay on the part of the Secured Party in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Secured Party of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. If more than one party shall execute this Agreement, the term "Borrower" shall mean all parties signing this Agreement and each of them, and such parties shall be jointly and severally obligated hereunder. The neuter pronoun, when used herein, shall include the masculine and the feminine and also the plural. If this Agreement is not dated when executed by the Borrower, the Secured Party is authorized, without notice to the Borrower, to date this Agreement.

This Agreement shall be construed in accordance with the laws of the state of Indiana. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provisions of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

This Agreement shall be binding upon the heirs, administrators and executors of the Borrower and the rights and privileges of the Secured Party hereunder shall inure to the benefit of its successors and assigns.

ADDITIONAL PROVISIONS:

All of the terms and conditions of a collateral assignment of lease
dated: ~~OCTOBER 1, 1980~~ and of agreement dated: ~~OCTOBER 1, 1980~~ between
the parties dealing with defaults and remedies are incorporated herein
as if part of this Agreement and shall be rights and remedies of the
secured party.

IN WITNESS WHEREOF, this Agreement has been duly executed on this _____ day of
October
September 1980.

P.F.I. AVIATION, INC. (Seal)
(Borrower)
By: Joseph I. Herron
President Joseph I. Herron (Seal)

(Seal)
(Secured Party)
BANK OF INDIANA, NATIONAL ASSOCIATION
Robert L. Huber (Seal)
(Secured Party)
Robert L. Huber

ATTEST: Allen S. Gerrard
Secretary Allen S. Gerrard

This instrument was prepared by James A. Holcomb, 1000 East 80th
Place, Merrillville, IN 46410, Attorney at Law

RECORDED

LEGAL DESCRIPTION:

A parcel of land in Section 36, Township 37 North, Range 9 West of the 2nd P.M., Lake County, Indiana, being more particularly described as follows: Commencing at the Northwest corner of said Section 36; thence on the following four courses; (1) South $0^{\circ} 00' 00''$ East, a distance of 2, 170.09 feet (2) South $55^{\circ} 57' 45''$ East, a distance of 1,607.10 feet; (3) North $34^{\circ} 02' 15''$ East, a distance of 447.43 feet; (4) South $55^{\circ} 57' 45''$ East, a distance of 1,049.87 feet to the Point of Beginning; thence continuing South $55^{\circ} 57' 45''$ East, a distance of 330 feet; thence North $34^{\circ} 02' 15''$ East, a distance of 250 feet; thence North $55^{\circ} 57' 45''$ West, a distance of 330 feet; thence South $34^{\circ} 02' 15''$ West, a distance of 250 feet to the Point of Beginning, containing 1.89 acres, more or less.