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**SECURITY AGREEMENT AND
COLLATERAL ASSIGNMENT**

This Security Agreement and Collateral Assignment (hereinafter "Agreement") made this 12 day of November, 2002, between Ronald D. Morris of 1205 Perthshire Lane, Dyer, IN (hereinafter, individually, "Debtor") and MERCANTILE NATIONAL BANK OF INDIANA, with offices at 5243 Hohman Avenue, Hammond, Indiana 46320 (hereinafter "Secured Party").

WHEREAS, Debtor (hereinafter, collectively, "Borrower"), is indebted to the Secured Party in the principal sum of Four Hundred Forty-Five Thousand and NO/100----Dollars (\$445,000.00), plus accrued interest pursuant to a certain Promissory Note (Commercial – Single Advance – Fixed Rate) dated November 12, 2002; and

WHEREAS, to secure said Note and all other obligations and indebtedness of Borrowers now existing and hereafter incurred, Debtor has agreed to grant and transfer a security interest in and collaterally assign to Secured Party its interest in certain collateral as set forth in Section 2 below.

NOW THEREFORE, in consideration of the foregoing, the mutual covenants and promises of the parties herein, the Debtor and Secured Party agree as follows:

1. Creation of Security Interest and Collateral Assignment Interest:

Debtor hereby collaterally assigns and transfers to Secured Party and grants to Secured Party a security interest in the collateral described in Section 2 hereof to secure performance and payment of Borrowers' Promissory Note (Commercial – Single Advance – Fixed Rate) to Secured Party dated November 12, 2002, in the amount of Four Hundred Forty-Five Thousand and No/100----Dollars (\$445,000.00), (hereinafter "Note"), and all renewals, extensions, rewrites, refinances, modifications, consolidations and replacements thereof, and substitutions therefor, and all costs and expenses incurred by Secured Party in the collection or enforcement thereof, and all other indebtedness of Borrowers to Secured Party, future advances to Borrowers to be evidenced by like promissory notes to be made by Borrowers to Secured Party at the option of Secured Party, and all other liabilities and liabilities of Borrowers to Secured Party, now existing or hereafter incurred, matured or unmatured, direct or contingent, joint or several, whether of a different class or whether or not secured by other collateral, and all renewals, extensions, rewrites, refinances, modifications, consolidations and replacements thereof, and substitutions therefor, all of which are hereinafter "Liabilities").

2. Designation of Collateral:

The collateral included in this agreement consists of the entire right, title and interest of Debtor in and to certain leases described in Schedule "A" annexed hereto, between Debtor, as lessor pursuant to an assignment of lease, and the lessees thereto, and the guarantees thereof (hereinafter individually and collectively, "Leases"), by which the Debtor demised and leased to the lessees certain real estate and all improvements and fixtures erected thereon, located at 233 South Colfax Avenue, Griffith, IN, (hereinafter "Leased Premises") together with

- A. All rights and benefits of whatever nature derived or to be derived by Debtor by virtue of the Leases, including, but not limited to any renewals, extensions, or replacements thereof; together with all rents, income, proceeds and profits arising from the Lease and renewals, extensions or replacements thereof; together with all rents, income proceeds and profits for the use and occupancy of the Leased Premises; together with all rights and benefits of whatever nature derived or to be derived by Debtor by virtue of all leases of the Leased Premises which may be secured in the future during the term of this Agreement, whether by substitution of lessor, assignment of lease by lessee, sublease by lessee or otherwise; and the right to exercise options to give, collect or receive monies payable to Debtor under any lease of the Leased Premises, including, but not limited to, security deposits and advance rental payments, and any rights of claims of Debtor under Section 365(h)(1) of the U. S. Bankruptcy Code, as amended; and
- B. All rights of Debtor under any condemnation award, whether for taking or damage, full or partial, and the proceeds of any and all insurance policies written in connection with the Leased Premises or the improvements thereon;

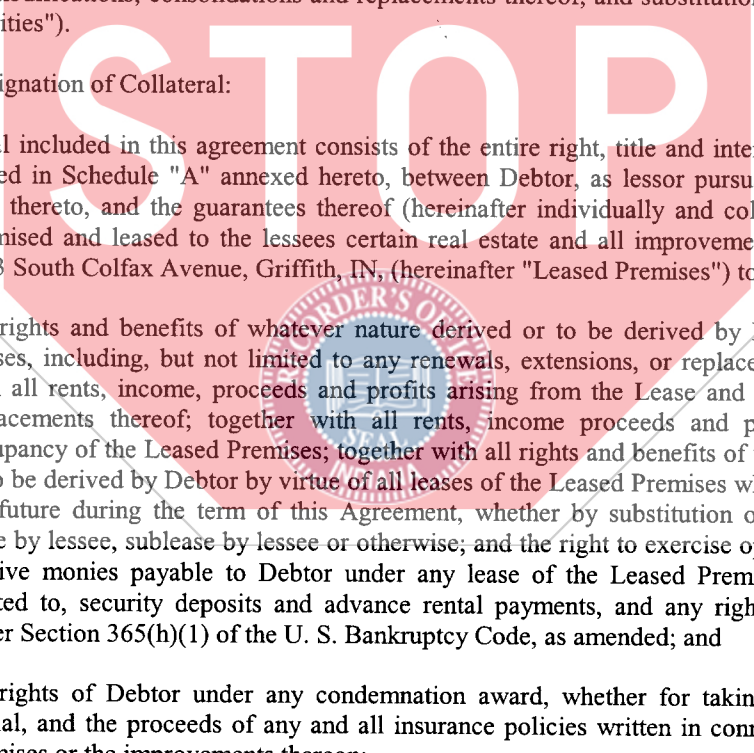
all of which is hereunto referred to as "Collateral".

3. Warranties:

Debtor represents and warrants to Secured Party that:

- A. The Leases are in full force and effect, are valid and enforceable legal obligations, not subject to any set-offs, deductions, defenses or counterclaims; that the Leases are bona fide leases of real estate and for rentals due and owing; and that full, true and correct copies of the Leases are annexed hereto as Exhibit "A".
- B. The correct amounts currently due and to become due from the lessees are as set out forth in the Leases; that said amounts currently due from lessees are not in default; and there is no existing default by the lessees of any of the terms, covenants or conditions on the part of the lessees to be observed and performed by the lessees pursuant to the Leases.
- C. Debtor has not and shall not alter or modify any of the terms or provisions of the Leases, waive or release the lessees, any guarantor of the Leases or any obligations or conditions of the Leases, cancel, terminate, reject pursuant to Section 365(h)(1) of the U. S. Bankruptcy Code, as amended,

TICOR TITLE INSURANCE
Highland, Indiana



2002 NOV 15 9:56 AM
STATE OF INDIANA
COUNTY OF HAMILTON
RECORDER'S OFFICE
RECEIVED
MORRIS, RONALD D. CARPENTER
RECORDER

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[Handwritten signature]

or accept a surrender or prepayment of the Leases, in whole or in part, or agree to any assignment or subletting by the lessees without prior written consent of Secured Party.

- D. Debtor maintains and shall continue to maintain records concerning sums now or hereafter payable for all leases of the Leased Premises at: 1205 Perthshire Lane, Dyer, IN 46319.
- E. The names and signatures on the Leases are not forged, fictitious or assumed, and are genuine in all respects.
- F. The Leases are free from any and all liens and encumbrances whatsoever, except: None.
- G. That any rents due for any period subsequent to the date hereof have not been collected, otherwise anticipated, waived, released, discounted, set off or compromised.
- H. Debtor will at all times keep all leases of the Leased Premises and the Leased Premises free from any adverse lien, security interest or encumbrance, will not execute any other assignment of any lease of the Leased Premises or assign the rents accruing under any lease of the Leased Premises; and will promptly pay all taxes and assessments upon any lease or upon the Leased Premises. Debtor further warrants that no financing statement or assignment covering all or any portion of any lease of the Leased Premises is on file in any public office.
- I. The Leased Premises are subject to only the following mortgage, to-wit: Mortgage and Assignment of Rents to Secured Party dated November 12, 2002, in the amount of \$445,000.00.
- J. The execution of this Agreement does not breach or violate any agreement between Debtor and any third party.
- K. In the event any lessee, or its successor, or any subsequent lessee of the Leased Premises should be subject to any proceeding under the U. S. Bankruptcy Code, as amended, or state insolvency laws which provides for the rejection of said lease, Debtor agrees that if said lease is so rejected, no settlement for damages shall be made without the prior written consent of the Secured Party. Any claims for pre-bankruptcy or state insolvency rent due, or for post-bankruptcy or state insolvency administrative rent for use and occupancy may, at Secured Party's option, be filed, proved, and payment thereof received by Secured Party in any such bankruptcy or state insolvency proceedings.

4. Indemnity:

Debtor agrees to indemnify Secured Party, its officers, agents, and employees against any and all claims, actions, liabilities and judgments, costs, attorney's fees or other charges of whatsoever kind or nature arising out of any lease of the Leased Premises by the lessee or any other person. The Secured Party may choose its own counsel, and in its sole discretion, compromise or settle any claims on such terms as Secured Party, in its sole judgment, deems to be in its best interest.

5. Default of Lease and Subsequent Liens:

The Debtor warrants and agrees to immediately notify the Secured Party of any default under any lease of the Leased Premises by either the Debtor or the lessee in the event the default is not cured by the defaulting party within thirty (30) days from the date of the occurrence thereof. Debtor will not institute legal proceedings versus any such defaulting lessee without the written consent of Secured Party. If after thirty (30) days have expired, and such default by any such lessee has not been cured by said lessee, the Secured Party may, but shall not be required to, bring legal action in its own name or in the name of the Debtor to enforce the lease. The proceeds of any such legal proceedings shall be applied to the Liabilities hereunder, whether or not the Liabilities are in default.

The Debtor hereby covenants and agrees to not encumber any leases of the Leased Premises, or the Leased Premises, subsequent to the execution of this Agreement without the prior written consent of the Secured Party.

6. Additional Documents:

Debtor shall execute and deliver to Secured Party certified copies of all documents relating to any lease of the Leased Premises; and give all notices that, in the judgment of the Secured Party, may be necessary to evidence or secure to Secured Party the security interest granted herein and other rights. Debtor shall provide Secured Party, on forms acceptable to it, an executed, duly acknowledged, Collateral Assignment of all leases in recordable form and a Consent to Collateral Assignment and Estoppel Certificate by Lessee and Subordination, Non-Disturbance and Attornment Agreement from such lessees, setting out that said leases have not been modified and are not in default.

7. Financing Statements:

Debtor hereby authorizes the Secured Party to prepare and file financing statements signed only by the Secured Party, and to record this Agreement with the appropriate state and local offices necessary to perfect its security interest herein.

8. Default:

The occurrence of a default or event of default in any instrument or agreement made in connection herewith or any one of the following events shall constitute default of this Agreement.

- A. Failure to perform any obligation, term, covenant, agreement or warranty contained herein;
- B. Any statement, representation, or warranty at any time furnished by the Debtor is untrue in any material respect as of the date made;
- C. The affixing of any lien or other charge against the Leased Premises or the Collateral, and the failure of the Debtor to obtain a release of said lien within thirty (30) days from the affixing thereof; or
- D. Loss, substantial damage, destruction, sale or encumbrance to or of all or any portion of the Leased Premises or the Collateral, or the making of any levy, seizure or attachment thereof or thereon;

When a default or an event of default shall be existing, the Note and all other Liabilities may, at the option of Secured Party, regardless of their terms and for the purpose of this Agreement, and without notice or demand, be declared and thereupon immediately shall become due and payable; and Secured Party may exercise from time to time any rights and remedies of a secured party under the Uniform Commercial Code of Indiana or other applicable law.

9. Transfer of Leases:

On sale or transfer of all or any part of any lease of the Leased Premises, or any interest therein, Secured Party may, at Secured Party's option, declare all Liabilities to be immediately due and payable, and Secured Party may invoke any remedies permitted by Section 8 of this Agreement.

10. Books and Records:

Debtor shall at all reasonable times allow Secured Party, its officers, attorneys, and accountants, to inspect and make abstracts of Debtor's books and records to verify the status of any lease of the Leased Premises.

The Debtor agrees to provide the Secured Party with all books, documents, records, instruments and related papers relating to any lease of the Leased Premises to effect collection thereof upon default by the lessee thereunder.

11. Additional Instruments:

The Debtor agrees to execute and deliver to Secured Party such additional instruments, financing statements and related papers as Secured Party may request, from time to time, whenever necessary in its opinion to establish, maintain and effectuate the validity and enforceability of this Agreement and of the claims versus any lessee of the Leased Premises and all guarantors of such lease.

12. Effect of this Agreement:

It is expressly understood by the Debtor that this Agreement does not operate as a pro tanto discharge of the Liabilities, but that the Liabilities will be reduced only by the sum equivalent to the actual amount of monies collected by Secured Party from the any lessee of the Leased Premises and all other sources.

13. Miscellaneous:

- A. All covenants, promises, representations and agreements herein contained shall be binding upon, apply and inure to the benefit of Debtor and Secured Party and their respective heirs, legal representatives, successors and assigns.
- B. The rights and remedies hereby created are cumulative, and the use of one remedy shall not be taken to exclude or waiver the rights of the use of another.
- C. If any clause, phrase, provision or portion of this Agreement, or the application thereof to any person or circumstance, shall be invalid or unenforceable under applicable law, such event shall not effect, impair or render invalid or unenforceable the remainder of this Agreement nor any other clause, phrase, provision or portion hereof, nor shall it affect the application of any clause, phrase, provision or portion hereof to other persons and circumstances.
- D. No verbal agreement or understanding contrary to any of the terms, specifications and conditions of this Agreement has been made.
- E. All headings set forth herein are for descriptive purposes only.
- F. 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 terms "Debtor" shall mean all parties signing this Agreement and each of them, and all 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.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement, or have caused same to be executed by their representatives, duly authorized thereunto on the day and year first written above.

DEBTOR:

[Handwritten Signature]

Ronald D. Morris

SECURED PARTY:

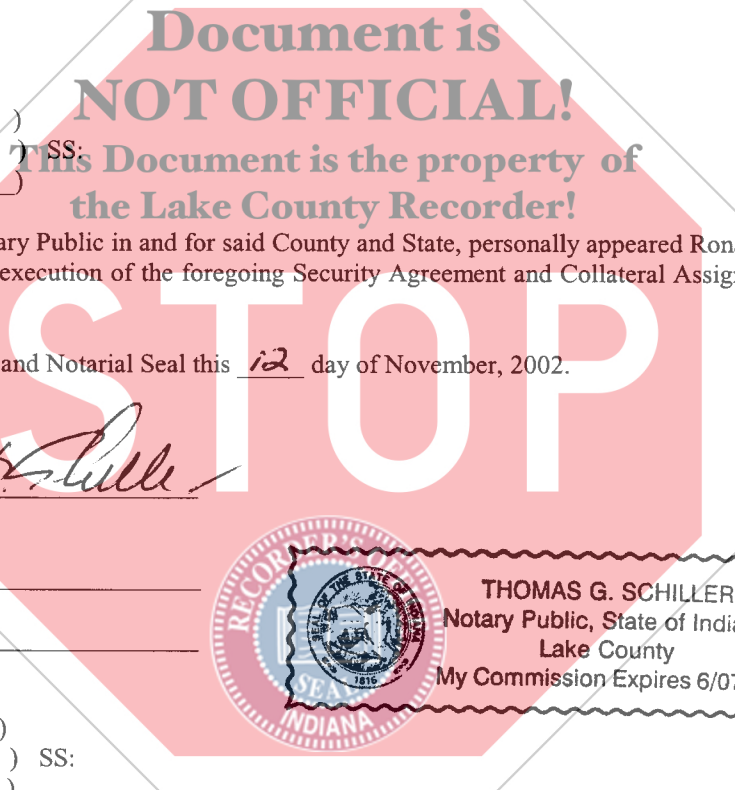
MERCANTILE NATIONAL BANK OF INDIANA

[Handwritten Signature]

By: Dale S. Clapp
Its: Vice President & Division Manager

STATE OF INDIANA)

COUNTY OF LAKE)



Before me, a Notary Public in and for said County and State, personally appeared Ronald D. Morris, known to me, and acknowledged execution of the foregoing Security Agreement and Collateral Assignment as his free and voluntary act.

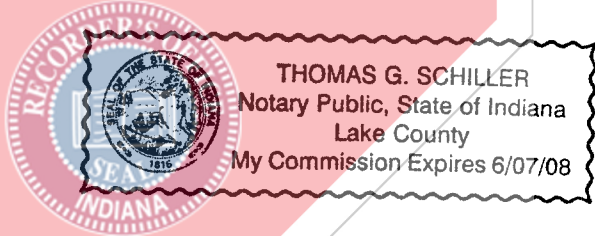
Witness my hand and Notarial Seal this 12 day of November, 2002.

[Handwritten Signature]

NOTARY PUBLIC

My Commission Expires: _____

County of Residence: _____



STATE OF INDIANA)

COUNTY OF LAKE)

SS:

Before me, a Notary Public in and for said County and State, personally appeared Dale S. Clapp, as Vice President & Division Manager, known to me to be such officer of Mercantile National Bank of Indiana, and acknowledged execution of the foregoing Security Agreement and Collateral Assignment as such officer, as the free and voluntary act of said corporation and as(his) her free and voluntary act, acting for such corporation.

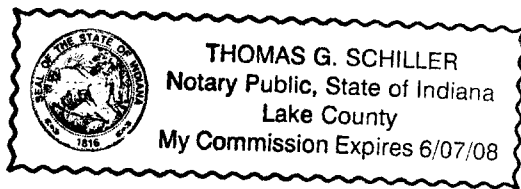
Witness my hand and Notarial Seal this 12 day of November, 2002.

[Handwritten Signature]

NOTARY PUBLIC

My Commission Expires: _____

County of Residence: _____



This instrument prepared by Dale S. Clapp as Vice President & Division Manager of
Mercantile National Bank of Indiana
5243 Hohman Avenue, Hammond, IN 46320

SCHEDULE "A" TO COLLATERAL ASSIGNMENT AND
SECURITY AGREEMENT BY RONALD D. MORRIS
TO MERCANTILE NATIONAL BANK OF INDIANA
DATED NOVEMBER 12, 2002

<u>LEGAL NAME OF LESSEE</u>	<u>ADDRESS (inc. Rm or Suite No.)</u>	<u>INITIAL TERM</u>	<u>BASE MONTHLY RENTAL</u>
Goedecke Scaffold Services, Inc.	233 S. Colfax, Griffith, IN	5 years	\$5,200.00

