

**PRODUCTIVE LIVING BOARD
FOR ST. LOUIS COUNTY CITIZENS WITH
DEVELOPMENTAL DISABILITIES**

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated below, is made and executed between _____ (“Agency”) as recipient of funds and The Productive Living Board For St. Louis County Citizens With Developmental Disabilities (“Board”) as provider of funds.

1. GRANT OF SECURITY INTEREST. For valuable consideration, Agency grants to Board a security interest in the Acquired Property to secure all obligations owed by Agency to Board and agrees that Board shall have the rights stated in this Agreement with respect to the Acquired Property, in addition to all other rights which Board may have by law. The security interest in Acquired Property granted herein secures presently existing obligations, all obligations arising in the future from grants or loans of funds by Board to Agency, and all obligations arising under or pursuant to the terms of any other agreements between the parties.. This is a continuing Security Agreement and will continue in effect even though for a period of time Agency may not have obligations to Board.

2. WARRANTIES AND COVENANTS CONCERNING ACQUIRED PROPERTY. With respect to the Acquired Property, Agency represents, warrants and covenants at all relevant times as follows:

a. Title. Agency holds good and marketable title to the Acquired Property, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement or notice of lien describing any of the Acquired Property is on record in any public office other than any which reflect the security interest created by this Agreement, or as to which Board has specifically consented, or as to which a termination statement or other form of termination is also on record. Agency shall defend Board’s rights in the Acquired Property against the claims and demands of all other persons.

b. Perfection of Security Interest. Agency authorizes Board to file financing statements, notices of lien, and whatever other documents may be necessary or convenient to perfect and continue Board’s security interest in the Acquired Property and to list therein the Agency as the obligor. Upon request of Board, Agency will deliver to Board any and all of the documents evidencing or constituting the Acquired Property and will provide all data necessary for the filing of the documents described herein.

c. Location of the Acquired Property. Except in the ordinary course of Agency’s business, Agency agrees to keep the Acquired Property at Agency’s address shown herein or at such other locations as are acceptable to Board. Upon acquisition of Acquired Property, Agency will give written notice to Board of the location of the Acquired Property. Upon Board’s request, Agency will deliver to Board in form satisfactory to Board a schedule of locations relating to Agency’s operations, including without limitation the following: (1) all real property Agency owns or is purchasing; (2) all real property Agency is renting or leasing; (3) all storage facilities Agency owns, rents, leases, or uses; and (4) all other properties where Acquired Property is or may be located.

d. Repairs and Maintenance. Agency agrees to keep and maintain, and to cause others to keep and maintain, the Acquired Property in good order, repair and condition at all times while this Agreement remains in effect. Agency further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Acquired Property so that no lien or encumbrance may either attach to or be filed against the Acquired Property.

e. Removal of the Acquired Property. Agency shall not remove the Acquired Property from its existing location without Board’s prior written consent. To the extent that the Acquired Property consists of vehicles, or other titled property, Agency shall not take or permit any action which

would require application for certificates of title for the vehicles outside the State of Missouri, without Board's prior written consent. Agency shall, whenever requested, advise Board of the exact location of the Acquired Property.

f. Transfer of Acquired Property. Without the written permission of Board, Agency shall not sell, offer to sell, or otherwise transfer or dispose of the Acquired Property. Notwithstanding the foregoing, Agency may, with the written permission of Board, which permission shall not be unreasonably withheld, sell, transfer or dispose of the Acquired Property as part of a transaction wherein Replacement Property is acquired. Replacement Property shall be of the same nature and purpose as the original Acquired Property, and the term, "Replacement Property" shall have the same meaning as "Acquired Property" for all other purposes of this Agreement and for all other agreements between the parties. Upon Board's written permission to the sale, transfer or disposal of Acquired Property and acquisition of Replacement Property, Board's security interest in said sold, transferred or disposed Acquired Property shall terminate. Further, the same rights granted to Board in this Agreement and by law with respect to Acquired Property shall apply to Replacement Property, including, but not limited to, the granting of a security interest and Board's right to perfect its security interest. A sale in the ordinary course of Agency's business does not include a transfer in partial or total satisfaction of a debt or any bulk sale. Agency shall not pledge, mortgage, encumber or otherwise permit the Acquired Property to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Board. Unless waived by Board, the proceeds from any disposition of the Acquired Property (for whatever reason) shall be held in trust for Board to the extent of Board's interest therein pursuant to the Board's policy on disposition of capital items in the Board's Funding Manual, and the proceeds shall not be commingled with any other funds until the amount of the Board's interest therein has been fully paid to the Board. Upon receipt of any proceeds of sale, Agency shall immediately notify Board of the amount thereof and the item(s) sold, and when the amount of Board's interest therein has been determined, Agency shall immediately deliver that amount to Board. Nothing in this paragraph shall constitute consent by Board to any sale or other disposition of Acquired Property.

g. Inspection of Acquired Property. Board and Board's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Acquired Property wherever located.

h. Taxes, Assessments and Liens. Agency will pay when due any taxes, assessments and liens upon the Acquired Property or upon its use or operation.

i. Compliance with Governmental Requirements. Agency shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, possession, disposition, or use of the Acquired Property.

j. Compliance with Environmental Laws. Agency represents and warrants that the Acquired Property never has been, and never will be so long as this Agreement remains a lien on the Acquired Property, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Agency's due diligence in investigating the Acquired Property for such compliance and for Hazardous Substances. Agency hereby (1) releases and waives any future claims against Board for indemnity or contribution in the event Agency becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify and hold harmless Board against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify shall survive the satisfaction of all other obligations of Agency to Board and satisfaction of this Agreement.

3. AUTHORITY AND ABILITY TO ACT. Agency further warrants that Agency has the full right, power and authority to enter into this Agreement and to grant a security interest in Acquired Property to Board, that execution and delivery of this Agreement will not violate any law or agreement

governing Agency or to which Agency is a party, and that Agency has established adequate means of accounting and reporting on a continuing basis to satisfy its reporting and accounting duties to Board.

4. AGENCY'S RIGHT TO POSSESSION. Until default and expiration of all applicable cure periods, and except as otherwise provided below, Agency may remain in possession of and may use Acquired Property in any lawful manner not inconsistent with this Agreement. If Board at any time takes possession of any Acquired Property, Board shall be deemed to have exercised reasonable care in the custody and preservation of the Acquired Property if Board takes such action for that purpose as Agency shall request or as Board, in Board's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Agency shall not of itself be deemed to be a failure to exercise reasonable care. Board shall not be required to take any steps necessary to preserve any rights in the Acquired Property against prior parties, nor to protect, preserve or maintain any security interest given to other parties in Acquired Property.

5. REINSTATEMENT OF SECURITY INTEREST AFTER AVOIDANCE. If any transfer or payment is made by Agency to Board, whether voluntarily or otherwise, and thereafter Board is forced to remit the amount of such transfer or payment (1) to Agency's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, (B) by reason of any judgment, decree or order of any court or administrative body having jurisdiction over Board or any of Board's property, or (C) by reason of any settlement or compromise of any claim made by Board with any claimant (including without limitation Agency), the amount so remitted shall be considered unpaid for the purpose of enforcement of this Agreement and this Agreement shall continue to be effective or shall be reinstated, as the case may be, to secure the obligation of Agency for said amount to the Board. In that event, the Acquired Property will continue to secure the amount remitted to the same extent as if that amount never had been originally received by Board.

6. DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

a. Performance Default. Failure by Agency timely to comply with, satisfy or perform any term, obligation, duty, covenant or condition described in this Agreement or in any other agreement between Board and Agency.

b. Default Under Policies and Guidelines. Any default that is described in policy statements, guidelines, or other documents that are incorporated in any agreement between the parties or otherwise made applicable under the terms of any such agreement.

c. False Statements. It shall be an Event of Default if any warranty, representation or statement made or furnished to Board by Agency or on Agency's behalf under this Agreement is false or misleading in any material respect, either now or at the time made or furnished, or if any warranty, representation or statement made by Agency or on Agency's behalf becomes false or misleading at any time thereafter.

d. Ineffectiveness. This Agreement ceases to be in full force and effect at any time and for any reason, including failure of any document related to Acquired Property document to result in attachment, enforceability, or perfection of the security interest contemplated herein.

e. Creditor or Forfeiture Proceedings Against Acquired Property. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Agency or by any governmental agency against any Acquired Property. However, this Event of Default shall not apply if there is a good faith dispute by Agency as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Agency gives Board written notice of the creditor or forfeiture proceeding and deposits with Board sufficient funds or a sufficient surety bond for the creditor or forfeiture proceeding, in an amount determined by Board in its sole discretion as being an adequate reserve or bond to protect the Board from loss because of the proceedings.

f. **Adverse Change.** A material adverse change occurs in Agency's financial condition.

g. **Cure Provisions.** If any default, other than a default in payment, is curable and if the default is not a second or successive default of the same obligation or duty within the preceding twelve (12) months, the default may be cured (and no Event of Default will have occurred) if Agency, after receiving written notice from Board demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Board deems in Board's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

7. **BOARD'S EXPENDITURES.** If any action or proceeding is commenced in any court, agency, board, or tribunal that would materially affect Board's interest in the Acquired Property or if Agency fails to comply with any obligation, Board, on Agency's behalf, may (but shall not be obligated to) take any action that Board deems appropriate to protect its interest in Acquired Property, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims at any time levied or placed on the Acquired Property, and paying all costs for insuring, maintaining and preserving the Acquired Property. All such expenditures incurred or paid by Board for such purposes will then bear interest at the rate (if any) charged by Board upon other unpaid obligations of Agency from date of expenditure until repaid. All such expenses will become obligations owed to Board by Agency, and this Agreement secures payment of all such amounts. The provisions of this paragraph shall be in addition to all other rights and remedies to which Board may be entitled in the circumstances described in this paragraph.

8. **RIGHTS AND REMEDIES ON DEFAULT.** If an Event of Default occurs under this Agreement, at any time thereafter, Board shall have all the rights of a secured party under the Missouri Uniform Commercial Code. In addition and without limitation, Board may exercise any one or more of the following rights and remedies:

a. **Accelerate Due Date(s) of Obligations.** Board may declare some or all obligations owed by Agency to Board immediately due and payable.

b. **Assemble Acquired Property.** Board may require Agency to deliver to Board all or any portion of the Acquired Property and any and all certificates of title and other documents relating to the Acquired Property. Board may require Agency to assemble the Acquired Property and make it available to Board at a place to be designated by Board. Board also shall have full power to enter upon the property of Agency to take possession of and remove the Acquired Property. If the Acquired Property contains other goods not covered by this Agreement at the time of repossession, Agency agrees Board may take such other goods, provided that Board makes the reasonable efforts to return them to Agency after repossession.

c. **Disposition of Acquired Property.** Board shall have full power to sell, lease, transfer, or otherwise dispose of Acquired Property or proceeds thereof in Board's own name or that of Agency. Board may sell the Acquired Property at public auction or private sale. Unless the Acquired Property threatens to decline speedily in value or is of a type customarily sold on a recognized market, Board will give Agency, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Acquired Property is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Acquired Property, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Acquired Property, shall become a part of the obligations secured by this Agreement and shall be payable on demand, with interest (if any) charged by Board upon other unpaid obligations of Agency from date of expenditure until repaid.

d. Receiver. Board shall have the right to have a receiver appointed to take possession of all or any part of the Acquired Property, with the power to protect and preserve the Acquired Property, to operate the Acquired Property preceding foreclosure or sale, and to collect any rents from the Acquired Property and apply the proceeds, over and above the cost of the receivership, against the obligations owed by Agency to Board. The receiver may serve without bond if permitted by law. Board's right to the appointment of a receiver shall exist whether or not the apparent value of the Acquired Property exceeds the obligations by a substantial amount. Employment by Board shall not disqualify a person from serving as a receiver.

e. Other Rights and Remedies. The rights and remedies provided to Board in this Agreement are cumulative. In addition to such rights and remedies, Board shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Board shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or as provided in any other agreement or otherwise. The exercise of any right or forbearance from exercising such right at any time shall not be deemed an election between remedies, a waiver of other remedies, or a bar to the exercise of any other rights and remedies provided by law, any other agreement, and this Agreement, whether at the time of such exercise or forbearance, or thereafter.

9. NOTICES OF CHANGE IN AGENCY. Agency will promptly notify Board in writing at Board's address shown below (or such other addresses as Board may designate from time to time) prior to any (1) change in Agency's name; (2) change in Agency's assumed business name(s); (3) change in the authorized signer(s); (4) change in Agency's principal office address; (5) change in Agency's ownership (if any); (6) conversion of Agency to a new or different type of business entity; or (7) change in any other aspect of Agency that directly or indirectly relates to any agreements between Agency and Board. No change in Agency's name or principal office will take effect until after Board has received notice.

10. ATTORNEYS' FEES, EXPENSES. Agency agrees to pay upon demand all of Board's costs and expenses, including Board's attorneys' fees and Board's legal expenses, incurred in connection with the enforcement of this Agreement. Board may hire or pay someone else to help enforce this Agreement, and Agency shall pay the costs and expenses of such enforcement. Costs and expenses include Board's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction) and for appeals. Agency also shall pay all court costs and such additional fees as may be directed by the Court.

11. AMENDMENTS. This Agreement constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

12. CAPTION HEADINGS. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

13. GOVERNING LAW. This Agreement will be governed by, construed and enforced in accordance with federal law and the laws of the State of Missouri. This Agreement has been accepted by Board in the State of Missouri.

14. CHOICE OF VENUE. If there is litigation between the parties, Agency agrees that the sole venue for the same shall be the Circuit Court of St. Louis County, State of Missouri.

15. NO WAIVER BY BOARD. Board shall not be deemed to have waived any rights or remedies under this Agreement unless such waiver is given in writing and signed by Board. No delay or omission on the part of Board in exercising any right shall operate as a waiver of such right or any other right or remedy. A waiver by Board of a provision of this Agreement shall not prejudice or constitute a

waiver of Board's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Board, nor any course of dealing between Board and Agency, shall constitute a waiver of any of Board's rights or of any of Agency's obligations as to any future transactions. Whenever the consent of Board is required under this Agreement, the granting of such consent by Board in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Board.

16. NOTICES. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail, postage prepaid, directed to the addresses shown below. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Agency agrees to keep Board informed at all times of Agency's current address.

a. To Agency. All notices to Agency shall be sent to the following address, unless and until Agency notifies Board in writing of a new address:

with a copy to:

b. To Board. All notices to Board shall be sent to the following address, unless and until Board notifies Agency in writing of a new address:

Joyce Prage, Executive Director
Office of Productive Living Services
121 Hunter Avenue, Suite 200
St. Louis, MO 63124

with a copy to:

Jerry J. Murphy
Murphy, Wasinger, LC
MAGNA PLACE
1401 S. Brentwood, Suite 550
St. Louis, MO 63144

17. DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise

defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

a. Agreement. This Security Agreement as it may be amended or modified from time to time, together with all exhibits and schedules attached to this Security Agreement from time to time.

b. Acquired Property. All Goods, Fixtures, Equipment, Vehicles and Leasehold Improvements for which the purchase price, any other cost or expense of acquisition, or any portion thereof, is supplied or paid for by funds granted by, loaned by, or otherwise derived from Board. "Acquired Property" also includes the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

(1) All accessions, attachments, accessories, tools, parts, supplies, replacements of and additions to any of the Acquired Property described herein, whether added now or later.

(2) All proceeds (including insurance proceeds), accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, or other disposition of Acquired Property or arising from damage to, loss of, or destruction of Acquired Property. In the event of damage to, loss of, or destruction of Acquired Property, the "Acquired Property" also includes all sums due from a third party who has damaged or destroyed the Acquired Property or from that party's insurer, whether due to judgment, settlement or other process.

(3) All records and data relating to Acquired Property, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Agency's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

c. Environmental Laws. Any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation to Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et. seq., and other applicable state and federal laws, together with all rules and regulations adopted pursuant thereto.

d. Equipment. "Equipment" as defined in Article 9 of the Missouri Uniform Commercial Code.

e. Fixtures. "Fixtures" as defined in Article 9 of the Missouri Uniform Commercial Code.

f. Goods. "Goods" as defined in Article 9 of the Missouri Uniform Commercial Code.

g. Hazardous Substances. The words "Hazardous Substances" means materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

h. Leasehold Improvements. Any materials, machinery, structures, appliances, Equipment, Fixtures, or Goods that are affixed to, attached to, incorporated into, or otherwise amalgamated into a building or improvement on real estate that Agency leases from another person or entity.

18. SEVERABILITY. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

19. SUCCESSORS AND ASSIGNS. Subject to any limitations on transfer of Agency's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Acquired Property becomes vested in a person other than Agency, Board, without notice to Agency, may deal with Agency's successors with reference to this Agreement by way of forbearance or extension without releasing Agency from any obligations of Agency to Board.

20. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All representations, warranties, covenants and agreements made by Agency in this Agreement shall survive the execution and delivery of this Agreement, shall remain in full force and effect until Agency no longer has Acquired Property or the security interest granted herein has ceased or terminated.

21. TIME IS OF THE ESSENCE. Time is of the essence in the performance of this Agreement.

22. CONFLICTING PROVISIONS. If the terms of this Agreement appear to conflict with any other agreement between the parties that is relevant and material in the circumstances, the terms of the other agreement shall supersede the terms of this Agreement only to the extent that the terms of this Agreement appear to be in conflict. The terms of the agreements shall be harmonized to the extent that is reasonable in effectuating the intent of the parties.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to sign this Agreement on the dates indicated below.

AGENCY: _____
(Name of Agency)

Signature: _____ Title: _____

Print Name: _____ Date: _____

PRODUCTIVE LIVING BOARD FOR ST. LOUIS COUNTY CITIZENS WITH DEVELOPMENTAL DISABILITIES

Signature: _____ Title: Chairman

Print Name: _____ Date: _____