

MORTGAGE, PLEDGE, AND SECURITY AGREEMENT

The parties agree as follows:

SECTION ONE

GRANT

_____ (Name), debtor in possession in proceedings under Chapter _____ of the Bankruptcy Code pending before the United States Bankruptcy Court for the District of _____, No. _____, (the debtor) hereby grants to the _____ (mortgagee: sometimes hereinafter referred to as mortgagee or secured party as agent for itself and the following financial institutions, as lenders: _____ (identify financial institutions and give their locations) to secure payment and performance of obligations of debtor to mortgagee and lenders under the order of Judge _____, dated _____, and all notes issued under the order (the obligations) a security interest and mortgage in all of the following property of debtor, wherever it is located, whether the property is now owned or existing or is hereafter acquired or arising and in any and all additions, accessions, proceeds, and products (the collateral): _____
_____ (description of collateral). The mortgage, pledge and security interests granted under this agreement are pursuant to the order of _____, 19____, and are subject and subordinate to presently existing, valid, and perfected liens.

SECTION TWO

DELIVERY IN PLEDGE

The debtor is delivering with this agreement to secured party in pledge _____ (specify, such as: all the issued stock of the following corporations), together with stock powers endorsed in blank: _____ (identify corporate stock being pledged).

SECTION THREE

EXECUTION OF ADDITIONAL DOCUMENTS

The debtor covenants and agrees to take further action and to execute further documents as may be necessary to perfect the mortgage, pledge, and security interests granted and to vest more completely and assure to the secured party its rights under this agreement in any of the collateral, including, but not limited to, (a) the execution and filing of Uniform Commercial Code financing statements, (b) the execution, acknowledgment, and recording of instruments evidencing transfers of interests in patents or trademarks in forms suitable for recording in the United States and foreign patent offices, (c) the execution, acknowledgment, and recordation of conditional assignments of leaseholds or leasehold mortgages in forms suitable for recording with the appropriate land records, and (d) the delivery to secured party of any instrument, chattel paper, or negotiable documents constituting collateral.

SECTION FOUR

DEFAULT

When a default in the payment or performance of any of the obligations occurs, and on the entry of an order of the United States Bankruptcy Court for the District of _____, in the proceedings under Chapter _____ of the Bankruptcy Code authorizing enforcement of the security interests created by this agreement, the secured party will have, in addition, other rights accorded a secured party in any jurisdiction where enforcement of this agreement is sought, the rights and remedies of a secured party under the Uniform Commercial Code of _____ (State), including, but not limited to, the right to immediate possession of the collateral, and for that purpose, secured party, so far as the debtor can give authority for, may

enter on any premises where the collateral, or any part of the collateral, may be situated and remove the collateral. The secured party will give the debtor at least _____ day's prior written notice to any such address as the debtor shall have specified to secured party in writing, of the time and place of any public sale of the collateral or of the time after which any private sale of the collateral is to be made. The secured party shall be entitled to retain part of the proceeds of the sale, subject to the approval of the Bankruptcy Court, (a) all secured sums, (b) its reasonable expenses of repossessing, holding, preparing for sale, and selling the collateral, and (c) reasonable legal expenses incurred by it in connection with this agreement and with such sale. No waiver by a secured party of any default is effective unless in writing, nor operate as a waiver of any other default, or of the same default on another occasion.

SECTION FIVE

NO WAIVER BY SECURED PARTY

The secured party is not deemed to have waived any of its rights on, or under, the obligations or the collateral unless the waiver is in writing and signed by the secured party. No delay or omission on the part of the secured party in exercising any rights operates as a waiver of such right or any other right. A waiver on any one occasion will not be construed as a bar to, or waiver of, any right on any future occasion. All rights and remedies of the secured party on the obligations or the collateral, whether evidenced by this agreement or by any instrument or papers, are cumulative and may be exercised separately or concurrently.

SECTION SIX

CARE BY SECURED PARTY

The secured party will attempt to exercise the same care with respect to this security agreement and collateral as it exercises with respect to security agreements and collateral in which it alone is interested, but, except as otherwise expressly provided, the secured party

assumes no further responsibility to the lenders with respect to (1) the validity or enforceability of this agreement, (2) the truth or correctness of any representation contained in this agreement, or any other statements or certificates made by the debtor in connection with the granting or handling of the security interest, or (3) the collateral. The secured party will have no responsibility to lenders for the performance by the debtor of its obligations under this security agreement. The secured party will not be responsible for the consequences of any oversight or error in judgment or be liable for any action taken, or omitted to be taken, except only for the secured party's gross negligence, bad faith, or willful misconduct.

SECTION SEVEN

ENTIRE AGREEMENT

This agreement constitutes the entire agreement between the parties and any prior understanding or representation of any kind preceding the date of this agreement will not be binding on either party except to the extent incorporated into this agreement.

SECTION EIGHT

MODIFICATION OF AGREEMENT

Any modification of this agreement or additional obligation assumed by either party in connection with this agreement shall be binding only if evidenced in writing signed by each party or an authorized representative of each party.

SECTION NINE

ASSIGNMENT OF RIGHTS

The rights of each party under this agreement are personal to that party and may not be assigned or transferred to any other person, firm, corporation, or other entity without the prior, express, and written consent of the other party.

SECTION TEN

ATTORNEY FEES

In the event any action is filed in relation to this agreement, the unsuccessful party in the action will pay a reasonable sum for the successful party’s attorney fees to the successful party, in addition to all sums that either party may be called on to pay.

SECTION ELEVEN

PARAGRAPH HEADINGS

The titles to the paragraphs of this agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this agreement.

In witness whereof, each party to this agreement has caused it to be executed at _____
_____ (place of execution on the date indicated below).

Signature

Date of Signing