

§ 11-9-203 Form 5 Security Agreement: Accounts And Contract Rights

1. The undersigned Debtor hereby assigns and conveys to _____, the Secured Party, a security title to all his accounts and contract rights and to all goods the sale or delivery of which gave rise to an account or contract right, should such goods thereafter come into the possession of either the Debtor or the Secured Party.

2. This agreement is made for the purpose of securing performance by the Debtor of all obligations owing to the Secured Party, whether presently existing or hereafter contracted.

3. Obligations secured by this agreement shall be paid (on demand) (according to their terms, except that should the Secured Party in good faith have reason to believe that the Debtor's ability to continue payment in ordinary course of business has become impaired the Secured Party may declare all obligations so secured to be immediately due and payable).

4. At the time of each application for an advance, the Debtor shall submit duplicate copies of contracts or invoices evidencing each account accompanied by a statement showing the total outstanding advances, the total value of property assigned and still held as collateral under this agreement and the amount of the advance requested.

5. The Secured Party may in its discretion make advances up to _____% of the accounts assigned to it that are not overdue _____ days after the date of the first invoice or bill representing it. Any account that, to the knowledge of the Debtor, becomes subject to a claimed defense by the account debtor shall be treated as an overdue account. Accounts that become overdue may at the discretion of the Secured Party be held by it as additional collateral or be reassigned to the Debtor.

6. Payments made by account debtors shall be promptly remitted by the Debtor to the Secured Party to be applied toward payment of the obligations secured by this agreement, and any employee of the Secured Party is hereby authorized to indorse any instruments so forwarded in the Debtor's name so that such proceeds can be effectually realized. All proceeds, including cash received from an account debtor, shall be held for the Secured Party and not commingled with other funds in the possession of the Debtor. Cash proceeds shall be (promptly remitted to the Secured Party by _____)
(_____).

7. The Secured Party may on default by the Debtor, or at any other time that it may deem it necessary or desirable, notify any account debtors to make payment directly to the Secured Party. The Debtor shall cooperate in facilitating the exercise of this right of the Secured Party by sending the necessary notices, or otherwise, on demand by the Secured Party.

8. Should the Debtor be the subject of a petition in bankruptcy or other insolvency proceeding or make a composition with or general assignment for the benefit of creditors or be subject to proceedings for the purpose of forcing it, or voluntarily offer, to surrender its corporate charter, it shall be in default of this agreement.

9. In the event of default under this agreement or any obligation secured by it, the Secured Party may proceed to enforce its rights on the obligations secured and foreclose this security agreement as is provided by the Uniform Commercial Code as effective in Georgia on the date of this agreement.

10. Any notice given by the Secured Party under this agreement or under the Uniform Commercial Code shall be adequately given if it is sent by first class mail, addressed to

the Debtor's principal place of business, five calendar days before the event of which notice is given.

11. In addition to the obligations secured by this agreement, the Debtor shall pay (or reimburse) the Secured Party a monthly service charge of _____% of the outstanding total of accounts against which advances have from time to time been applied for and made, and should foreclosure of this agreement be necessary, the Debtor shall also pay all costs of collection, including, but not limited to, reasonable attorney's fees and legal expenses incurred by the Secured Party, for all of which this agreement shall be security.

12. The books and records relating to the collateral are maintained at _____, the Debtor's principal place of business (except _____).

13. The Debtor will cooperate in all ways necessary to effectuate the rights of the Secured Party under this agreement, including the execution from time to time of financing statements, notes, assignment papers and any other instruments or documents believed by the Secured Party to be necessary or desirable.

(Signed)

Debtor

Secured Party