

SECURITY AGREEMENT
("Agreement")

The undersigned ("Debtor") hereby grants to the Kansas Department of Health and Environment ("KDHE" or "Secured Party") a security interest in the collateral described below to secure performance of obligations set forth in the Grant Funding Contract ("Funding Contract") between Debtor and KDHE, executed on _____. The term "Debtor" shall mean and include all undersigned parties designated as "Debtor" in this Security Agreement ("Agreement") and each of them shall be, jointly and severally liable under the Agreement.

1. Debtor agrees to grant a security interest in any and all property acquired in whole or in part with grant proceeds provided by KDHE pursuant to the Funding Contract, any and all increases, additions, accessions, substitutions and proceeds thereto and therefore, and the following property (collectively, "Collateral"):

2. Debtor agrees and acknowledges that the security interest granted to KDHE hereunder shall secure all obligations of the Debtor to KDHE howsoever created, evidenced or arising, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due ("Obligations").

3. If the Collateral is to be attached to real estate, the legal description of the real estate is as follows:

and the name of the record owner is _____. If the Collateral is attached to real estate prior to the perfection of the security interest granted hereby, the Debtor will on demand of the Secured Party furnish the latter with a disclaimer or disclaimers, signed by all persons having an interest in the real estate, or any interest in the Collateral existing prior to the Secured Party's interest.

4. Debtor shall provide written notification of any disposition of any of the Collateral to the KDHE. Written notification shall be mailed, postage prepaid, by Debtor to KDHE at least thirty (30) days before disposition to the attention of:

Compliance and Aid-to-Local Section
Bureau of Waste Management, KDHE
1000 SW Jackson, Suite 320
Topeka, Kansas 66612-1366

5. All rights, duties, and obligations hereunder of the undersigned and KDHE shall be governed by the provisions of the Uniform Commercial Code as effective in the State of Kansas and in accordance with the laws of the State of Kansas as applicable.

6. Debtor agrees that they have read this Agreement in its entirety, including all Additional Provisions beginning on page three (3) of this Agreement, included herein.

By signing this Agreement, Debtor acknowledges that Debtor has read the entirety of this Agreement prior to signing, Debtor is entitled to a copy of this Agreement, and Debtor acknowledges receipt of a copy of this Agreement on the date hereof, and, if Debtor is a corporation, company, or other entity, the undersigned is authorized to enter into this Agreement on behalf of Debtor.

Debtor: _____

BY: _____ Date: _____

Printed Name: _____ Title: _____

Address: _____

Debtor: _____

BY: _____ Date: _____

Printed Name: _____ Title: _____

Address: _____

Secured Party: Kansas Department of Health and Environment--Bureau of Waste Management

Date: _____

Address: 1000 SW Jackson, Suite 320, Topeka, Kansas 66612-1366

ADDITIONAL PROVISIONS

FURTHER WARRANTIES AND COVENANTS OF THE DEBTOR. The Debtor hereby warrants and covenants that:

1. Except for the security interest granted hereby, or as otherwise noted, the Debtor is the owner of the Collateral free from any prior lien, security interest or encumbrance; and the Debtor will defend the Collateral against all claims and demand of all persons at any time claiming the same or any interest therein.
2. The Debtor will not sell or offer to sell or otherwise transfer or encumber the Collateral or any interest therein without the prior written consent of the Secured Party.
3. No financing statement covering any of the Collateral or any proceeds thereof is on file in any public office. The Debtor will immediately notify the Secured Party in writing of any change in address from that shown in this agreement and will also upon demand furnish to the Secured Party such further information and will execute and deliver to the Secured Party such financing statements mortgages and other papers and will do all such acts and things as the Secured Party may at any time or from time to time reasonably request and or as may be necessary or appropriate to establish and maintain a valid security interest in the Collateral as security for the Obligations subject to no prior liens or encumbrances.
4. The Debtor will keep the Collateral at all times insured against risks or loss or damage by fire (including so-called extended coverage), theft and such other casualties as the Secured Party may reasonably require, including collision in the case of any motor vehicle, all in such amounts, under such forms of policies, upon such terms, for such periods and written by such companies or underwriters as the Secured Party may approve, losses in all cases to be payable to the Secured Party and the Debtor as their interest may appear. All policies of insurance shall provide for at least ten days prior written notice of cancellation to the Secured Party; and the Debtor shall furnish the Secured Party with certificates of such insurance or other evidence satisfactory to the Secured Party as to compliance with the provisions of this paragraph. The Secured Party may act as attorney for the Debtor in making, adjusting and settling claims under such policies, in canceling such insurance and endorsing the Debtor's name or any drafts drawn by insurers of the Collateral.
5. The Debtor will keep the Collateral free from any adverse lien, security interest or encumbrance and in good order and repair, will not waste or destroy the Collateral or any part thereof and will not use the Collateral in violation of any applicable statute, ordinance or policy of insurance thereon. The Secured Party may examine and inspect the Collateral at any reasonable time or times wherever located.
6. The Debtor will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this agreement or any note(s) evidencing any of the Obligations.

ADDITIONAL RIGHTS OF PARTIES. At its option, but without obligation to the Debtor to do so, the Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may place and pay for insurance thereon, may order and pay for the repair, maintenance and preservation thereof and pay any necessary filing or recording fees. The Debtor agrees to reimburse the Secured Party on demand for any payment made or any expense incurred by the Secured Party pursuant to the foregoing authorization. Any insurance premiums paid for by Secured Party shall be extended to Secured Party in the event the policies are cancelled.

If after giving prior notification and giving the Debtor reasonable opportunity to perform his warranties and covenants as to insuring any preserving the Collateral the Secured Party pays for performance of the duties on behalf of the Debtor, Security Party may add the amounts paid to the debt. Within a reasonable time after advancing any sums, Secured Party shall state to Debtor in writing the amount of the sums advanced, any charges with respect to this amount, and, if the duties of the Debtor performed by the Secured Party pertain to insurance, a brief description of the insurance paid for by the Secured Party including the type and amount of coverages.

EVENTS OF DEFAULT-REMEDIES. Upon the happening of any of the following events or conditions namely:

- (i) default in the performance of any of the Obligations or of any covenants or liability contained or referred to herein or in any document evidencing any of the Obligations;
- (ii) any warranty, representation or statement made or furnished to the Secured Party by or on behalf of the Debtor in connection with this agreement or to induce the Secured Party to make a grant to the Debtor proving to have been false in any material respect when made or furnished;
- (iii) loss, theft, substantial damage, destruction, sale or encumbrance to or any of the Collateral, of the making of any levy, seizure or attachment thereof or thereon;
- (iv) death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefits of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency laws by or against Debtor or any guarantor or surety for the Debtor, thereupon, or at any time thereafter (such default not having previously been cured); or
- (v) for any other reason the Secured Party may deem the prospect of payment, performance, or realization of Collateral is significantly impaired

the Secured Party may declare all of the Obligations to be immediately due and payable and shall then have the remedies of a secured party under the Uniform Commercial Code of Kansas, or other applicable law, including, without limitation thereto, the right to take possession of the Collateral. The Secured Party may require the Debtor to make the Collateral available to the Secured Party at a place to be designated by the Secured Party, which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market the Secured Party will give the Debtor at least ten days' prior written notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. Expenses of retaking, holding, preparing for sale, selling or the like shall be paid from the proceeds of the Collateral.

GENERAL. This agreement and the security interest in the Collateral created hereby shall terminate when Obligations have been satisfied in full. No waiver by the Secured Party of any default shall be effective unless in writing, nor operate as a waiver of any other default or of the same default on a future occasion. All rights of the Secured Party hereunder shall inure to the benefits of its successors and assigns; and all obligations of the Debtor shall bind the heirs, legal representatives, successors and assigns of the Debtor. If more than one Debtor is party to the Agreement, their obligations hereunder shall be joint and several. This agreement shall take effect when signed by the parties hereto.