

SECURITY AGREEMENT

This Security Agreement is entered into as of the _____ day of _____, 20____
Between S & S FIRESTONE INC dba S & S TIRE a (Kentucky Corporation, hereinafter "Seller") and _____
(hereinafter "Customer").

Customer desires to purchase tires and related accessories from Seller and Seller desires to sell tires and related accessories to Customer.

1 Security Interest

- a. For value received, Customer grants to Seller a purchase money security interest in the Collateral (hereinbelow defined) to secure full performance by Customer of the duties and obligations set forth in the Agreement.
- b. Collateral is defined as:
 - i.) all of Customer's inventory purchased from Seller, wherever located, now owned or hereafter acquired, all proceeds therefrom including accounts, chattel papers, contract rights, general intangibles, instruments and other rights to payment of every kind and nature arising out of the sale or distribution, or otherwise made available from the Seller inventory, (collectively referred to as "purchase money security interest");
 - ii.) all of Customer's receivables, equipment, inventory, general intangibles, all proceeds and products of receivables, equipment, inventory, and general intangibles, including but not limited to cash, deposit accounts (whether or not comprised solely of proceeds), certificates of deposit, insurance proceeds (including hazard, flood and credit insurance), negotiable instruments and other instruments for the payment of money, chattel paper, security agreements or documents, and all of Customer's books of accounts and other records.
- c. The Collateral shall secure the payment of all of Customer's indebtedness to Seller, regardless of the form of such indebtedness.
- d. The indebtedness, as herein defined, shall include any promissory note, open account, guaranty or otherwise, arising before, under or after this agreement between the parties, together with interest on and renewals and extensions of time of said obligations.

2 Representations and Warranties of Customer

Customer represents, covenants and warrants to Seller the following:

- a. Customer is A _____ Corporation in good standing with the State its principal place of business.
- b. Customer is engaged in the business of selling tires and related Accessories.
- c. Additional locations and trade names of Customers are as follows:
- d. Customer owns the Collateral free from all liens, security interest or encumbrances, except as given to Seller hereunder and as follows:

- e. As an inducement to Seller, Customer desires to grant Seller a security interest in certain assets of Customer.

- f. The security interest created hereunder shall include a purchase money security interest in the Collateral defined a Section 1.b.i of this Agreement.
- g. No financing statement covering the Collateral or any part of it or any proceeds of it other than those disclosed above, is on file in any public office.

3 Sale, Lease, or Disposition of Collateral, Continuing Interest.

The security interest created hereunder shall continue in the collateral notwithstanding its sale, exchange or other disposition where such disposition is to a person or entity (i) affiliated in anyway with Customer (including, but not limited too, by complete or partial common ownership), or (ii) to whom Seller has delivered collateral directly on behalf of Customer.

4 Risk of Loss and Insurance

The risk of loss of collateral shall be on Customer at all times. The Customer will insure the Collateral with companies acceptable to Seller against destruction and theft, and in adequate amounts with a loss payable clause in favor of the Customer and Seller as their interest may appear, and Seller is authorized to collect sums that may become due under any of the insurance policies and apply them to the obligation secured by this agreement. Such policy or policies of insurance shall provide that Seller shall receive at least ten (10) day's prior written notice of cancellation. Customer shall furnish Seller with Certificates of Insurance on or before execution of this Agreement.

5 Protection of Collateral

- a. The customer will not store the Collateral in violation of any statute or ordinance. Customer grants to Seller or its designated agent the right to examine and inspect the Collateral at any reasonable time, during business hours with full access to Customer's premises, inventory, and books of account as they pertain to Customer's indebtedness to Seller.
- b. Customer shall defend Collateral against any claims and demands of all persons at any time claiming the collateral or any interest therein.

6 Taxes

The Customer will pay promptly when due all taxes and assessments on the Collateral.

7 Change of Location or Entity.

- a. Location of Collateral. The Customer will keep the Collateral at the address shown above and will not remove the Collateral from that address without Sellers written consent.
- b. Change of Place of Business. The Customer will promptly notify Seller of any change of the Customer's place of business or place of conduct of business, or where books and records concerning the Collateral are kept or of any changes in Customer's trade name.
- c. Change of Name of Entity. The Customer shall not change its name, merge, consolidate or acquire all or substantially all of the stock, business or assets of any other person, corporation or business organization without written notification to Seller.

8 Security Interests and Liens.

Customer agrees to keep the Collateral free from all unpaid charges, liens and security interest, other than the security interests granted to Seller and those disclosed in this agreement.

9 Decrease in Value of Collateral.

The Customer shall, if in Seller's judgment the Collateral has materially decreased in value, or if Seller shall at any time deem that the Customer is financially unstable, within five (5) days, either provide enough additional Collateral to satisfy Seller or reduce the total indebtedness by an amount sufficient to satisfy Seller.

10 Customer Litigation.

Customer shall notify Seller within five (5) days if Customer becomes involved in any litigation, or other legal proceedings before the court, Tribunal or governmental body, or received notice of intent to hold a claim against customer, from any entity, in which any potential recovery against Customer may exceed Two Thousand Dollars (\$2,000.00).

11 Reimbursement of Expenses.

At the option of Seller, Seller may discharge taxes, liens, interest or perform or cause to be performed for and on behalf of the Customer any actions and conditions, obligations, or covenants that the Customer has failed or refused to perform, and may pay for the repair, maintenance, and preservation, of the Collateral. All sums to be expended, including but not limited to attorney's fees, court cost, agent's fees, or commissions, or any other costs or expenses, shall bear interest from the date of payment at the annual rate of twelve percent (12%) and shall be payable at the place designated in the Customer's note and shall be secured by this Security Agreement.

12 Financial Statements on Request.

Customer agrees to deliver to Seller within ten (10) days after written request by Seller, a current financial statement and such other data as Seller may request, plus a list of all collateral on hand.

13 Default.

The customer shall be in default under this Security Agreement on the occurrence of any of the following events or conditions:

- a. Default in the payment or performance of any note, obligation, covenant, or liability secured by this Security Agreement.
- b. Any warranty, representation, or statement made or furnished to Seller by or on behalf of the Customer proves to have been false in any material respect when made or furnished.
- c. Any event that results in the acceleration of the maturity of the indebtedness of the Customer to others under any indenture, agreement, or undertaking.
- d. Loss, theft, substantial damage, destruction, sale, or encumbrance to or of any of the Collateral, or the making of a levy, seizure, or attachment of or on the Collateral.
- e. Anytime Seller reasonably believes that the prospect of payment of any indebtedness secured by this Security Agreement or the performance of this Security Agreement is impaired.
- f. The termination of the Customer's existence, whether by means of dissolution, merger, consolidation or otherwise, the Customer's insolvency or business failure, the appointment of a receiver for any part of the Collateral, any assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency law by or against the Customer or any guarantor of surety for the Customer.

14 Remedies

On Customer's default, Seller, at his option and without demand on or notice to Customer, may do any one or more of the following:

- a. Declare all indebtedness immediately due and payable, and interest shall accrue on indebtedness at the rate of twelve percent (12%), unless another rate of interest is stated.
- b. Immediately take possession of the Collateral, wherever it may be found, and the Seller shall have the right, and Customer hereby authorizes and gives Seller the right, to enter upon Customer's premises wherever the Collateral may be found and remove the Collateral.
- c. Exercise any and all remedies which Seller may have under the applicable Uniform Commercial Code and other applicable law, and dispose of Collateral in such manner pursuant to such code as Seller may determine, whether or not Collateral is present at the time and place of such disposition. Any such disposition by sale may be held in any place specified in the applicable Uniform Commercial Code as Seller may

determine. Reasonable prior notice of the disposition of Collateral Shall be five (5) days and Seller shall apply proceeds therefrom to the indebtedness in such order as Seller in its discretion may determine. Customer further agrees to pay Seller any deficiency if proceeds from the disposition of Collateral are not sufficient to satisfy the indebtedness.

- d. Upon demand by Seller, Customer shall deliver to seller the proceeds of any disposition of Collateral. Seller may notify any or all account debtors of its security interest and require to remittance of all sums directly to Seller, and Seller may endorse the name of Customer on any checks, notes or other documents received in payment of account.
- e. Seller shall have the right to enforce one or more remedies under this agreement, and any other agreement between the parties, successively or concurrently, and any such action shall not stop or prevent Seller from pursuing any further remedies that it may have by this agreement, or any other agreement, or by law.
- f. Customer will reimburse Seller for any costs and expenses incurred in enforcing this agreement or incurred in retaking, holding and preparing the Collateral for Disposition, and in arranging for the disposition, including, but not limited to, reasonable attorney fees, legal expenses, and cost of collecting the indebtedness. Such cost and expenses shall be indebtedness secured by this Security Agreement.

15 Notice

Any notice or other communication to be given to either party shall be in writing and delivered personally to or by certified mail and addressed to:

To Seller:

S & S FIRESTONE INC
P.O. BOX 55046
LEXINGTON, KY 40555-5046

To Customer:

Notice shall be deemed given upon personal delivery or forty-eight (48) hours after deposit in the United States Mail.

16 General Provisions.

- a. Filing Requirements. Customer shall join with Seller in executing one or more financing statements pursuant to the Uniform Commercial Code; however, if applicable Uniform Commercial Code so allows, Customer hereby directs Seller to execute and file all necessary Financing Statements to perfect the security interest created herein, in form satisfactory to Seller without first obtaining Customer's signature; and Customer shall pay the costs of filing such Statements whenever filing is deemed necessary or desirable by Seller.
- b. Notice of No Account. In the event Customer no longer has indebtedness with Seller, and does not anticipate incurring a future indebtedness with Seller, Customer shall notify Seller in writing. The purpose of this clause is to allow Seller notice so that it can terminate all financing statements with Customer previously filed pursuant to the Uniform Commercial Code.
- c. Waiver. No waiver by Seller of any default shall operate as a waiver of any other default or of the same default on a future occasion. No revision or amendment of this Agreement shall be valid unless in writing and signed by the parties.
- d. Binding Effect of Agreement. This Agreement shall be binding upon, insure to the benefit of and be enforceable by the successors, heirs and assigns of the parties; but Customer shall not assign any interest in this Agreement without prior written consent of Seller.
- e. Attorney Fees. If any party shall seek to enforce any provision of the Agreement, the party prevailing shall be entitled to reasonable attorney's fees and cost, in addition to other relief.

- f. Applicable Law. This Agreement and all transactions described herein, contemplated hereby or resulting herefrom shall be governed and construed by and in accordance with the laws of the State of _____
- g. Severability. If any provision of the Agreement shall be held to be invalid, the other provisions shall remain enforceable unless deletion of the invalid material will defeat the essential purpose of the parties as expressed herein.
- h. Entire Contract. All prior understanding and agreement respecting the transactions here contemplated are merged in this Agreement. There are no representations, warranties or agreements between the parties as to such transactions except as set forth herein, and this Agreement fully and completely expresses the agreement of the parties as to such transaction.
- i. Waiver. To the extent permitted by applicable state law, Customer waives all claims, damages and demands against Seller arising out of the repossession, retention or sale of Collateral.

Customer

Seller

By: _____

By: _____

Title: _____

Title: _____