

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made this _____ day of _____, 20____, by and between (name and address) _____ (“Permittee”) and **Water Environment Services**, 150 Beaver Creek Road, Suite 430, Oregon City, OR 97045 (“District”).

RECITALS

A. The District has approved the Permittee’s application for a Development Permit for the following project _____ (“Project”), Permit No. _____ (“Permit”);

B. The Permittee has agreed to meet all requirements of the Permit and this Security Agreement, and to secure that promise with this Pledge; and

C. As an inducement for the District to issue the Permit, the Permittee has agreed to pledge to District the Permittee's account (Account No.) _____ with _____ (“Bank”) in the amount _____ **AND NO/100 DOLLARS (\$xx,xxx.00)** (“Collateral”).

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the promises, covenants, agreements, terms and conditions of this Security Agreement, the parties agree as follows:

1. The Pledge and Security Interest. To secure the full, complete, and punctual performance by the Permittee of all of its obligations, promises, covenants, agreements, warranties, representations and conditions contained in the Permit and this Security Agreement, the Permittee grants to the District a continuing security interest in, and pledges, assigns, transfers, conveys and delivers, as security for such performance, the Collateral to District.
2. Requirements of Permittee. The Permittee hereby agrees to maintain, repair, replace and be responsible for damage to the public sanitary sewer and/or storm sewer improvements (“Improvements”) for the Project for a period of **not less than one year** following the date the District accepted the Project.
3. Representations and Warranties of Permittee. The Permittee represents and warrants that:
 - a. It is the legal and beneficial owner of all of the Collateral;
 - b. Upon delivery of this Security Agreement to the District, this Security Agreement shall create a valid first lien and perfect a security interest in the Collateral subject to no prior security interest, lien, charge or encumbrance or agreement purporting to grant any third party a security interest in the property or assets of the Permittee;
 - c. Until one year from the date of execution of this Security Agreement, or until such time as the terms and conditions of the Permit and Security Agreement have been fully performed, whichever is LATER, the Permittee shall neither reduce, convey, transfer or otherwise dispose of any of the Collateral or any interest therein, or create, incur or permit to exist any pledge, mortgage, lien, charge, encumbrance or any security interest whatsoever in or with respect to any of the Collateral; and

d. The Permittee shall, at its own expense, defend the District's right, title, special property and security interest in and to the Collateral against any and all claims of any person, firm, corporation or other entity.

4. Termination of the Security Agreement.

a. Upon the full and punctual performance by the Permittee of all the terms, covenants, agreements, warranties, representations and/or conditions contained in the Permit and this Security Agreement, the District shall execute any and all instruments and documents that the Permittee reasonably shall deem necessary or proper to revest title in the Collateral in and to the Permittee.

b. Prior to the Permittee petitioning the District, the Permittee shall inspect and clean the Improvements, and correct any deficiencies prior to the District performing the warranty inspection. The District will perform the warranty inspection and notify the Permittee of any corrective measures that must be completed, to the satisfaction of the District, within thirty (30) days of being notified.

5. Events of Default. Each of the following events shall be and shall constitute an Event of Default under this Security Agreement:

a. Any default by the Permittee in the performance of any term, covenant, agreement, warranty, representation, or condition contained in the Permit;

b. Any default by the Permittee in the performance of any covenant, agreement, warranty, representation, or condition contained in this Security Agreement; and/or

c. The creation, placing and/or filing of a security interest, lien or other encumbrance of any sort against any or all of the Collateral.

6. Remedies on Default. Upon the occurrence of any one or more of the Events of Default described in Paragraph 4 of this Security Agreement, the District may, at its option and in its sole discretion, proceed to enforce the duties, obligations and liabilities of the Permittee secured by this Security Agreement, exercising all of the District's rights and remedies with respect to the Collateral which it has as a secured party under the laws of the State of Oregon as amended from time to time, and other applicable laws, including, but not limited to, the District's right to seize or otherwise dispose of all or any part of the Collateral. The District may apply the proceeds of the Collateral:

a. First, to the District's costs of enforcement including but not limited to attorney fees and associated legal expenses;

b. Second, to the cost to cure the Permittee's default; and

c. Third, to pay the expenses to complete the Permittee's unfulfilled obligations under the terms of the Permit & Conditions.

7. Emergency Work. District may perform emergency work without notice to the Permittee or Bank. All work performed by the District due to the nonperformance of the Permittee, or in response to an emergency work, shall be reimbursed to District within thirty (30) days of invoice. If the Permittee fails to reimburse District in thirty (30) days of invoice, then Permittee is considered to be in breach of this Security Agreement and District may demand payment from the Bank.

8. Assignment. This Security Agreement shall inure to the benefit of the District, its successors and assigns and shall bind the Permittee, its successors, assigns; provided, however, that the Permittee shall not assign its obligations without the prior written consent of the District.

8. Miscellaneous Provisions.

- a. The invalidity or unenforceability of any provision or provisions of this Security Agreement shall not affect or impair the validity of any other provisions hereof.
- b. This Security Agreement shall not be amended, modified, altered or changed except by a written agreement signed by the party against whom the enforcement of the amendment, modification, alteration or change shall be sought.
- c. Waiver by the District of any of the covenants, agreements, warranties, representations, rights, remedies and/or conditions of the Permit or this Security Agreement shall not operate as a future waiver thereof or of any other covenant, agreement, warranty, representation, right, remedy and/or condition of the Permit or this Security Agreement.

Signature Page Follows

