

## SECURITY AGREEMENT FOR CERTIFICATE OF DEPOSIT

Last Revised 7/08/08

1. **DATE:** \_\_\_\_\_
2. **PARTIES:** The parties to this agreement are the employer (herein "Grantor") and the Office of Workers' Compensation, Louisiana Workforce Commission, State of Louisiana (herein "OWC").

3. **APPEARANCE OF GRANTOR.**

Grantor's { } social security number { } federal employer identification number is:

\_\_\_\_\_ Grantor's (A) Parish (es) in which it does business, and (B) location of its chief executive office are: (A) \_\_\_\_\_  
(B) \_\_\_\_\_

4. **SECURITY INTEREST.** Grantor grants to OWC a continuing security interest in the property described below (herein "Collateral") to secure the prompt payment of Grantor's workers' compensation liabilities (herein "Obligations").
5. **OBLIGATIONS.** The security interest granted herein in the Collateral shall secure the prompt payment of all present and future Obligations, including, but not limited to, prompt payment of workers' compensation payments, the furnishing of medical treatment, or any other requirement under the provisions of the Louisiana Workers' Compensation Act, LSA-R.S. 23:1021 et seq., and any amendments thereto, as well as rules and regulations promulgated in accordance therewith, and, upon the occurrence of a default under this agreement legal expenses and attorney's fees incurred by OWC in collecting or enforcing payment or performance of such Obligations and all funds spent by OWC in preserving or protecting or realizing on the Collateral described herein of Grantor to OWC, pursuant to the provisions of the Louisiana Workers' Compensation Act, and particularly pursuant to the provisions of LSA-R.S. 23:1168 and Rules of the OWC Fiscal Responsibility Unit (herein "Rules") promulgated thereunder.
6. **COLLATERAL.** The Collateral shall consist of all of the following described property and Grantor's rights, title and interest in such property, whether now owned or hereafter acquired by Grantor and wheresoever located:

Certificate of Deposit date \_\_\_\_\_, 20\_\_\_\_ issued by \_\_\_\_\_ for the account of Grantor in the sum of \$\_\_\_\_\_ and identified by Certificate (Receipt or Confirmation Advice, if applicable) No. \_\_\_\_\_ together with any and all renewals and extensions thereof, all cash and non-cash proceeds of all or any of the foregoing, in whatever form, and all proceeds of such proceeds. All interest shall accrue to the account of, or be collected and transmitted to, the Grantor, provided he is not in default in the payment of compensation or the annual premium tax (as provided for in the above reference Rules)

All accessions, accessories, additions, amendments, attachments, modifications, parts, replacements and substitutions to any of the above; All proceeds from any policies of insurance pertaining to any of the above, to the extent authorized by Chapter 9 of the Louisiana commercial Laws of any other applicable

law; and All books and records pertaining to any of the above.

7. **REPRESENTATIONS, WARRANTIES AND COVENANTS.** Grantor represents, warrants and covenants to OWC that:
  - a. Grantor is and shall remain the sole owner of the Collateral;
  - b. Grantor shall defend the Collateral against all claims and demands of all persons at any time claiming any interest therein;
  - c. Grantor shall not amend, extend, modify, replace, or substitute any certificate of deposit constituting the Collateral without the prior consent of OWC as provided in its Rules.
  - d. Grantor has the right and is duly authorized to grant this security interest and to enter into and perform its Obligations under this agreement;
  - e. Grantor has not violated and shall not violate any applicable federal, state, parish, county or municipal statute, regulation or ordinance which may materially and adversely affect its business operations or financial condition or the Collateral' and
  - f. Grantor has not performed any acts or signed any agreements which might prevent OWC from enforcing any of the terms of this agreement or which would limit OWC in any such enforcement. No security agreement or similar or equivalent document or instrument covering all or any part of the Collateral has been executed by Grantor and remains in effect.
8. **SALE OF COLLATERAL.** Grantor shall not assign, convey, lease, sell, transfer or otherwise dispose of any of the Collateral to any third party without the prior written consent of OWC.
9. **ACKNOWLEDGMENT AND OTHER PAPERS.** Grantor shall take all actions and execute all papers required by OWC to attach, perfect and maintain its security interest in the Collateral and establish and maintain its right to receive the payment of the proceeds of the Collateral, including, but not limited to, executing and acknowledgments, amendments, and other papers required by Chapter 9 of the Louisiana commercial Laws or other applicable law. Grantor shall pay the costs of filing such papers in all offices wherever filing or recording is deemed by OWC to be necessary or desirable.
10. **INQUIRES AND NOTIFICATION TO THIRD PARTIES.** Grantor hereby authorizes OWC to contact any third party and make any inquiry pertaining to Grantor's financial condition or the Collateral. In addition, OWC is authorized to provide oral or written notice of its security interest in the Collateral and the obligations and record of financial transactions pertaining thereto any third party. Furthermore, Grantor hereby grants any third party the right to disclose to OWC any records of its financial transactions with Grantor.
11. **POWER OF ATTORNEY.** In the event of default (as detailed in section 13), Grantor hereby appoints OWC as his attorney-in-fact to endorse Grantor's name on all instruments and other remittances payable to Grantor with respect to the Collateral or other papers pertaining to OWC actions in connection with the Collateral. The powers of attorney described in this paragraph are coupled with an interest and are

irrevocable.

12. **INSPECTION OF COLLATERAL AND BOOKS AND RECORDS.** In addition to reporting requirements or inspection rights established by the Louisiana Workers' Compensation Act and by the Rules, Grantor shall allow OWC or its agents to examine, inspect and make abstracts and copies of the Collateral and Grantor's books and records pertaining to Grantor's business operations and financial condition or the Collateral during normal business hours. Grantor shall provide any assistance required by OWC for these purposes. All of the signatures and information pertaining to the Collateral or contained in the books and records shall be genuine, true, accurate and complete in all respects. Grantor shall note the existence of OWCA's security interest in his books and records pertaining to the Collateral.
13. **DEFAULT.** Grantor shall be in default under this agreement in the event that Grantor: a) fails to pay or perform any one or more of the Obligations, b) violates any provision of the Louisiana Workers' Compensation Act, including but not limited to LSA-R.S. 23:1168, and the Rules promulgated thereunder, c) dies, d) dissolves, liquidates or terminates existence, e) becomes insolvent, f) becomes unable to pay debts as they mature, g) suspends business, h) engages in a respite, i) engages in an assignment for the benefit of creditors, j) becomes the subject of a receivership, k) allows his property to become subject to any tax lien or be sold by local, state or federal taxing authorities, l) conceals, removes, transfers or permits to be concealed, removed, or transferred any of his property with intent to hinder, delay or defraud any creditors, m) transfers any of his property to any creditor on account of an antecedent debt while insolvent if such transfer has the effect of preferring that creditor over other creditors, n) files or has filed against him a petition for an order for relief under the Bankruptcy code, o) breaches any representation, warranty, or covenant to OWC contained in this agreement or any other present or future, written or oral agreement, p) provides or causes any false or misleading signature or representation to be provided to OWC.
14. **RIGHTS AND REMEDIES OF OWC ON DEFAULT.** If there is a default under this agreement, OWC shall be entitled to exercise one or more of the following remedies without notice, demand, or putting in default (which are expressly waived):
  - a. To exercise all remedies and rights allowed OWC under Chapter 9 of the Louisiana Commercial Laws, other applicable Chapters of the Louisiana Commercial Laws, and all other applicable law:
  - b. To transfer the whole or any part of the Collateral into the name of OWC or its nominee:
  - c. To notify any person obligated in any of the Collateral to make payment directly to OWC of any amounts due or to become due thereon;
  - d. To set off and apply the Collateral to all or any part of the indebtedness;
  - e. To sell the Collateral or any part thereof at public or private sale, for cash, upon credit or for future delivery, and at such price or prices as OWC may deem satisfactory. OWC may be the purchaser of any or all of the Collateral so sold at any public sale (or, if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price

quotations, at any private sale). Grantor will execute and deliver such documents and take such other action as OWC deems necessary or advisable in order that any such sale may be made in compliance with law. Upon any such sale OWC shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold to it absolutely and free from any claim or right of whatsoever kind, including any equity or right of redemption of Grantor which may be waived, and Grantor, to the extent permitted by law, hereby specifically waives all rights or redemption, stay or appraisal which it has or may have under any law now existing or hereafter adopted. Grantor agrees that the Collateral is of a type customarily sold on a recognized market and that the value of the Collateral is readily and fully ascertainable at any time from its face, and hence no appraisal and no prior written notice to Grantor of the time and place of any sale or other intended disposition of any of the Collateral will be necessary for such sale or disposition to be "commercially reasonable." A notice (if any) of such sale shall (i) in case of a public sale, state the time and place fixed for such sale, and (ii) in the case of a private sale, state the day after which such sale may be consummated. Any such public sale shall be held at such time or times within ordinary business hours at such place or places as OWC may fix in the notice of such sale. At any such sale the Collateral may be sold in one lot as an entirety or in separate parcels, as OWC may determine. OWC shall not be obligated to make any such sale pursuant to any such notice. OWC may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by OWC until the selling price is paid by the purchaser thereof, but OWC shall not incur any liability in case of the failure of such purchaser to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may again be sold upon like notice.

15. **CONFESSION OF JUDGEMENT, CONSENT TO EXECUTORY PROCESS AND WAIVER OF DEMAND FOR PAYMENT.** Grantor does hereby acknowledge the Obligations secured by this agreement, whether now existing or arising hereafter, and does hereby confess judgement in favor of OWC for the full payment and performance of the Obligations secured hereby. Grantor further agrees that in the event of a default under this agreement, OWC may seize and sell any of the Collateral under executory process. Grantor hereby waives in favor of OWC: (i) the benefit of appraisement as provided in Louisiana Code of Civil Procedure Articles 2332, 2336, 2724, and all other laws conferring the same; (ii) the demand and three days delay accorded by Louisiana Code of Civil Procedure Article 2639 and 2721; (iii) the notice of seizure required by Louisiana Code of Civil Procedure Articles 2293 and 2721; (iv) the three days' delay provided by Louisiana code of Civil Procedure Articles 2331 and 2722; and (v) the benefit of the other provisions of Louisiana code of Civil Procedure Articles 2331, 2722 and 2723, not specifically mentioned above.
16. **APPLICATION OF PAYMENTS.** All payments made by or on behalf of Grantor and all credits due to grantor from the disposition of the Collateral or otherwise may be applied against the amounts paid by OWC (including attorney's fees and legal expenses) in connection with the exercise of its rights or remedies described in this agreement and any interest thereon and then to the payment of the remaining Obligations in whatever order OWC chooses.
17. **REIMBURSEMENT OF AMOUNTS EXPENDED BY LENDER.** OWC may advance in its sole

discretion and Grantor shall reimburse OWC for all amounts (including, but not limited to, the reasonable expenses of retaining, holding, preparing for sale, selling, and the like, attorney's fees as set forth in paragraph 22, below, and legal expenses) expended by OWC in the performance of any action required to be taken by Grantor or the exercise of any right or remedy belonging to OWC under this agreement, together with legal interest thereon from the date of payment until the date of reimbursement. These sums shall be included in the definition of Obligations and shall be payable upon demand.

18. **SUCCESSORS AND ASSIGNS.** This agreement shall be binding upon and inure to the benefit of Grantor and OWC and their respective successors, assigns, trustees, receivers, administrators, personal representatives, heirs, succession representatives, legatees, and devisee.
19. **NOTICES.** Any notice or other communication to be provided under this agreement shall be sent to the parties at the addresses described in this agreement or such other address as the parties may designate in writing from time to time.
20. **SEVERABILITY.** If any provision of this agreement violates the law or is unenforceable, the rest of the agreement shall remain valid.
21. **APPLICABLE LAW.** This agreement shall be governed by the laws of Louisiana. Grantor consents to the jurisdiction and venue of any court located in Louisiana in the event of any legal proceeding under this agreement.
22. **COLLECTION COSTS.** If OWC hires an attorney to assist in collecting any amount due or enforcing any right or remedy under this agreement, Grantor agrees to pay OWC's reasonable attorney's fees and collection costs subject to any restrictions imposed by law.
23. **REMEDIES CUMULATIVE.** All rights and remedies of OWC shall be cumulative and may be exercised individually or together and in any order. The election by OWC or any specific remedy shall not preclude the exercise of other remedies.
24. **LIMITATION ON DUTY OF OWC.** Beyond the exercise of reasonable care in the custody thereof, OWC shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon, except as may be provided in the Louisiana Workers' Compensation Act as now existing or as hereafter amended, and any rules or regulations promulgated in accordance therewith. OWC shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any broker or other agent or bailee selected by OWC in good faith.

25. **MISCELLANEOUS.** This agreement is executed for business or commercial purposes. Grantor shall supply information regarding Grantor's business operations and financial condition of the Collateral in the form and manner requested by OWN. All information furnished by Grantor to OWC shall be true, accurate and complete in all respects. All references to Grantor in this agreement shall include all parties signing below. If there is more than one Grantor, their Obligations shall be solidary. This agreement shall remain in full force and effect until terminated in the manner provided by law.

Grantor acknowledges that Grantor has read, understands, and agrees to the terms and conditions of the agreement.

Grantor: \_\_\_\_\_ OFFICE OF WORKERS' COMPENSATION

BY: \_\_\_\_\_ BY: \_\_\_\_\_  
Name and Title Name and Title

**OFFICE OF WORKERS' COMPENSATION**  
**NOTICE OF SECURITY INTEREST**  
**Last Revised 12/20/07**  
**(Certificate of Deposit and Subordination Agreement)**

TO: \_\_\_\_\_ (Depository Bank)      DATE: \_\_\_\_\_  
          \_\_\_\_\_ (Address)  
          \_\_\_\_\_ (City, State, Zip)

RE: Notice of security interest in deposit account (certificate of deposit) granted by \_\_\_\_\_ (herein "Grantor") to Office of Workers' Compensation, Louisiana Workforce Commission, State of Louisiana (herein "OWC").

Gentlemen:

To secure obligations to us, Grantor has granted us a security interest in certain deposit account (s), being those certificates of deposit numbered \_\_\_\_\_ at your bank. Under Section 9-305 (4) of Chapter 9 of the Louisiana Commercial Laws, this notice of Security Interest in Deposit Accounts is given as the statutory notice required to perfect our security interest in the indicated deposit account (s).

We recognize that you may have one or more competing security interest or other claims against Grantor's above described deposit account (s) in your bank. In order to avoid any conflict over these issues, we ask that you subordinate any security interests to us or waive your claims. If you do not have one or more of the rights described below please tell us. We ask that, by marking the applicable blanks in B through E below on the enclosed copy of this Notice of Security Interest, you evidence 1) your agreement to subordinate your security interest to us or waive your claims or 2) your statement that you have no such rights. Please sign the copy and return it to us.

Do not hesitate to call if you have any questions.

Very truly yours,

Office of Workers' Compensation

By: \_\_\_\_\_

**SUBORDINATION AGREEMENT**

In response to the foregoing request:

A.

Except as hereinafter stated, we (Depository Bank) represent and warrant that, to the best of our knowledge, the instruments (certificate (s) of deposit) described above, are not subject to any pledge, assignment, security interest or other claim, other than the security interest in favor of OWC; and

B.

1. As of the date of this response, we have no security interest in Grantor's certain deposit account(s), being those certificates of deposit numbered \_\_\_\_\_ at our bank; or

2. We hereby subordinate to your security interest each security interest that has been granted and that may hereafter be granted to us by Grantor in Grantor's certain deposit account (s), being those certificates of deposit numbered \_\_\_\_\_ at our bank; and,

C.

1. As of the date of this response, we have no contractual right of set-off with respect to Grantor's certain deposit account (s), being those certificates of deposit numbered \_\_\_\_\_ at our bank; or,
2. We hereby subordinate to your security interest each contractual right of set-off that has been granted and that may hereafter be granted to us by Grantor in Grantor's certain deposit account (s), being those certificates of deposit numbered \_\_\_\_\_ at our bank; and,

D.

1. As of the date of this response, no statutory security interest arising in our favor by operation of law under Louisiana Revised Statutes 6:316 exists with respect to Grantor's certain deposit account (s) , being those certificates of deposit numbered \_\_\_\_\_ at our bank; or
2. We hereby subordinate to your security interest each statutory security interest, now existing or hereafter created, arising in our favor by operation of law under Louisiana Revised Statutes 6:316 with respect to Grantor's certain deposit account (s) , being those certificates of deposit numbered \_\_\_\_\_ at our bank; and,

E.

1. As of the date of this response, we have not contractually restricted Grantor's right to grant a security interest in Grantor's certain deposit account (s), being those certificates of deposit numbered \_\_\_\_\_ at our bank, as authorized by Louisiana Revised Statutes 6:312 (E); or
2. We hereby waive any contractual restrictions authorized by Louisiana Revised Statutes 6:312 (E) that we have placed or may hereafter place on Grantor's right to grant you a security interest in Grantor's certain deposit account (s), being those certificates of deposit numbered \_\_\_\_\_ at our bank;

F.

Until such time as we receive written notice from OWC stating that its security interest in the instruments (certificate (s) of deposit) has been released, we will not pay any principal with respect to the instruments to any party other than OWC, except upon written authorization of OWC. OWC's security interest extends to and shall be effective against any renewals or reissuance of the instruments (certificate (s) of deposit). We hereby waive any future rights arising from statutory security interests, set-off, or our authority to contractually restrict Grantor's ability to grant a security interest, in the instruments (certificate (s) of deposit) described above, or any renewals or reissuances thereof.

DATE: \_\_\_\_\_

\_\_\_\_\_  
Depository Bank

By: \_\_\_\_\_  
Name of Bank Officer

\_\_\_\_\_  
Title of Bank Officer