



ADM Investor Services, Inc.

141 W. Jackson Blvd., Suite 2100A, Chicago, IL 60604 | email: newaccts@admis.com | fax: 312.242.7151

Account No. _____

SECURITY AGREEMENT AND ASSIGNMENT OF HEDGING ACCOUNT

WHEREAS, the undersigned, _____, hereinafter called the “Debtor”, whose address is, _____ carries a Hedging Account (No. _____) with the firm of ADM Investor Services, Inc., as brokers, hereinafter called the “Broker”, whose address is Suite 2100A, 141 W. Jackson Blvd., Chicago, Illinois 60604, for hedging transactions in commodities futures contracts; and Debtor is now indebted to _____, hereinafter called the “Secured Party”, whose address is _____ in _____ County, _____, and expects to incur additional indebtedness with the Secured Party for the purpose of financing further transactions in said contracts;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Secured Party hereby agrees to advance to Debtor certain sums of money for the purpose of hedging his inventory of certain commodities. Debtor agrees to deposit said sums in an account with the undersigned commodity broker and agrees to employ said funds only for the purpose of making hedging transactions to protect his commodity inventory and shall not employ said funds for transactions of speculation or investment in commodity futures.
2. As additional security for the obligations of the Debtor to the Secured Party, and for the payment of all monies which the Secured Party may hereafter loan or advance to the Debtor, the Debtor hereby grants a security interest in and assigns and transfers to the Secured Party all hedging funds which may hereafter accumulate or become withdrawable from or paid out of the hedging account of the Debtor with the Broker, including any balance which may remain to the credit of said account upon the closing thereof; subject, however, to the prior payment of all indebtedness of the Debtor to the Broker, as such may exist from time to time, including fees and commissions, which may have been incurred in connection with Debtor’s transactions with Broker, and to the Broker’s lien, and the right of foreclosure thereof in connection with any indebtedness of Debtor to Broker (including any right of the Broker to close out open positions without prior demand for additional margin and without prior notice).
3. The Broker is hereby authorized and directed to pay to the Secured Party upon its demand all funds that may hereafter be withdrawable or payable out of said account of the Debtor with the Broker, and the Debtor agrees that he will not withdraw or attempt to withdraw any funds or other property from said account except as permitted by this agreement. The Secured Party is hereby authorized and fully empowered without further authority from the Debtor to request the Broker to remit to the Secured Party any funds that may be due to the Debtor, and the Broker is hereby authorized and directed to pay to the Secured Party such sums as it shall so request or demand without the consent of or notice to the Debtor;

4. The Debtor hereby constitutes and appoints the Secured Party its true lawful and irrevocable attorney to demand, receive, and enforce payments and to give receipts, releases, satisfactions for, and to sue for all monies payable to the Debtor and this may be done in the name of the Secured Party with the same force and effect as the Debtor could do had this Security Agreement not been made. Any and all monies or payments which may be received by the Debtor, to which the Secured Party is entitled under and by reason of this Security Agreement, will be received by the Debtor as trustee for the Secured Party, and will be immediately delivered in kind to the Secured Party without commingling.
5. Nothing herein contained shall be construed so as to prevent the Debtor from remaining the owner, subject to the interest of the Secured Party as it may appear, of the account with the Broker. Until the Secured Party elects to the contrary and delivers notice of such election in writing to the Broker, the Debtor may make such additional hedging transactions in his said account with the Broker as the Broker shall be willing to accept for execution. In the event the Secured Party does make such election and does deliver such notice to the Broker, the Debtor shall not thereafter execute any transactions in the account and the Broker shall not accept for execution any such transactions without the concurrence of the Secured Party, except transactions in liquidation of any then outstanding commodity or commodity futures positions.
6. Whenever the Secured Party deems it necessary for its protection, it shall be entitled, without the consent or concurrence of, or prior notice to the Debtor, to direct the Broker to liquidate any or all then outstanding open positions in the Debtor's said commodity account and to direct the said Broker to pay to it, the lender, the credit balance as shall exist in the said account after such liquidation and after the payment to the Broker of all the indebtedness of the Debtor to the Broker in connection with transactions in this account.
7. Any sum paid by the Broker from the account of the Debtor to the Secured Party under this Agreement shall be applied by the Secured Party to the payment of any indebtedness owing by the Debtor to the Secured Party. The balance remaining after the payment of said indebtedness shall be paid by the Secured Party to the Debtor. The receipt or receipts of the Secured Party for such funds so paid to it by the Broker shall as to the Broker operate as the receipt of the Debtor as fully and as completely as if funds had been paid to the Debtor in person and receipted for by the Debtor.
8. If at any time during the continuances of any such contract or contracts, the Broker may require additional margin in order to protect such contract or contracts, the Secured Party may advance to said Broker on behalf of the Debtor such amounts as may be required to protect such contracts, provided, however, that the Debtor shall in all respects remain liable to the Secured Party for any amounts so advanced pursuant to the terms of any agreement entered into between the Secured Party and the Debtor in connection with the transactions covered by this Agreement and Assignment.
9. Upon written demand, the Secured Party is hereby authorized and empowered to receive from the Broker, and the Broker is authorized and directed to deliver to the Secured Party, copies of confirmation on all contracts executed for the account of the Debtor, copies of the monthly positions and ledger account of the Debtor, and copies of any and all matters pertaining to said account of the Debtor with the Broker.
10. In consideration for Broker's participation in the acceptance of this Security Agreement and Assignment, the Debtor hereby agrees to indemnify and hold Broker harmless from and against any and all liabilities, claims, damages, or judgments, including court costs and reasonable attorney's fees, incurred by Broker as a result of its acceptance of this instrument.
11. As between the Debtor and the Secured Party, this instrument shall remain in full force and effect until cancelled in writing by the Secured Party, or by the Debtor when and if the Debtor no longer is indebted to the Secured Party. Any cancellation of this instrument shall be without effect as to the Broker until the Broker is notified in writing by the Secured Party.
12. The Debtor hereby represents and warrants to the Secured Party that the account or accounts above assigned have not heretofore been alienated or assigned.
13. This Agreement shall be binding upon the Debtor, and upon this executors, administrators or assigns, and it shall be binding upon and inure to the benefit of any successors of the Secured Party and the Broker.

Dated this _____ day of _____, 20_____

SECURED PARTY

DEBTOR

Signature

Signature

Print Name

Print Name

Title

Title

The undersigned, ADM Investor Services, Inc., whose address is Suite 2100A, 141 W. Jackson Blvd., Chicago, Illinois 60604, hereby acknowledges receipt of a copy of the above-mentioned Security Agreement and Assignment, and agrees to abide by the provisions thereof. No previous assignment or claims against the above-described account or accounts have been received by the undersigned.

This copy received _____, 20 _____

ADM INVESTOR SERVICES, INC.

Signature

Print Name

Title