

STATE OF ALABAMA)

SHELBY COUNTY)

SECURITY AGREEMENT

FOR VALUE RECEIVED, the undersigned hereby mortgage to Myra Martin hereinafter called the "Mortgagee," and hereby grant to Mortgagee a security interest in the following property and all accessories, parts, and equipment now or hereafter affixed thereto or used in connection therewith (hereinafter collectively called the "Goods"): *All of the stock-in-trade and merchandise of the Business as shown on a complete inventory and accounting as noted in "Schedule A"; all of the furniture, fixtures, equipment, and other tangible assets of the business as shown on the attached inventory as noted in "Schedule A"; and the trade and goodwill (as given in the Asset Purchase Agreement bearing the same date), and other intangible assets of the Business*, to secure the payment of the principal ~~and~~ interest on and all obligations under a promissory note (hereinafter called the "Note"), dated on or about the date hereof, of the undersigned payable to the order of the Mortgagee, in the principal amount of Thirty Thousand and no/100 Dollars (\$30,000.00), all obligations of the undersigned hereunder, and all other obligations of the undersigned to the

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Mortgagee, its successors and assigns, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due. The Note and all other obligations secured hereby are herein collectively called the "Liabilities. Until default (as defined herein), the undersigned may have possession of the Goods and use of them in any lawful manner not inconsistent with this agreement or with any policy of insurance on any of the Goods.

The undersigned hereby warrants and agrees that:

(1) to the extent, if any, it shall have advised the Mortgagee that any of the Goods are being acquired with the proceeds of the Note, such proceeds may be disbursed by the Mortgagee directly to the Seller of such Goods;

(2) the Goods will be kept at the address shown below, unless the Mortgagee otherwise consents in writing;

(3) if any of the Goods consist of equipment of a type normally used in more than one State, whether or not actually so used, it will immediately give written notice to Mortgagee of any change in the chief place or business of the undersigned, and of any use of any such Goods in any jurisdiction other

than a state in which the undersigned shall have previously advised the Mortgagee such Goods will be used, and such Goods will not, unless the Mortgagee otherwise consents in writing, be used outside the territorial limits of the United States;

(4) Undersigned has, or forthwith will acquire, full title to the Goods, and will at all times keep the Goods free of all liens and claims whatsoever, other than the security interest hereunder;

(5) no financing statement covering any of the Goods is on file in any public office and it will from time to time, on request of the Mortgagee, execute such financing statement and other documents (and pay the cost of filing or recording the same in all public offices deemed necessary by the Mortgagee) and do such other acts and things, all as the Mortgagee may request in order to fully establish and maintain a valid security interest in the goods (free of all other liens and claims whatsoever) to secure the payment of the Liabilities, secured hereunder;

(6) it will not sell, transfer, lease or otherwise dispose of any of the Goods or any interest therein except with the prior written consent of the

Mortgagee;

(7) it will at all times keep the Goods in first class order and repair, other than normal wear and tear, excepting any loss, damage or destruction which is fully covered by proceeds of insurance;

(8) it will at all times keep the goods insured against loss, damage, theft and other risks, in such amounts and companies and under such policies and in such form, all as shall be satisfactory to the Mortgagee, which policies shall provide that loss thereunder shall be payable to the Mortgagee and to the Mortgagor with said monies being used for the purchase of replacement equipment and/or inventory as needed by Mortgagor. The Mortgagee specifically reserves its security rights to said replacement equipment and/or inventory.

(9) the Mortgagee may examine and inspect the Goods or any part thereof, wherever located, at any reasonable time or times. Should the undersigned fail to perform any of the agreements herein contained, the Mortgagee may from time to time, at its option, perform such agreement and take any other action which it deems necessary for the maintenance and

preservation of any of the Goods or its security interest therein, and the undersigned agrees to forthwith reimburse the Mortgagee for all of the expenses of the Mortgagee in connection with the foregoing, together with interest thereon at the rate of 8% per annum from the date incurred until reimbursed by the undersigned. The occurrence of any of the following events shall constitute a Default (as such term is used herein):

(a) non-payment, when due, of any amount payable on any of the Liabilities, or failure to perform any agreement of the undersigned contained herein;

(b) any statement, representation or warranty of the undersigned herein or in any other writing at any time furnished by the undersigned to the Mortgagee is untrue in any material respect as of the date made;

(c) any Obligor (which term, as used herein, shall mean the undersigned and each party primarily or secondarily liable on any of the liabilities) becomes insolvent or unable to pay debts as they mature or makes an assignment for the benefit of creditors, or any proceeding is instituted by or against any Obligor alleging that such Obligor is insolvent or unable to pay

debts as they mature;

(d) entry of any judgment against Obligor;

(e) death of any Obligor who is a natural person, or of any partner of any Obligor which is a partnership;

(f) dissolution, merger or consolidation, or transfer of a substantial part of the property of any Obligor which is a corporation or a partnership; or,

Whenever a Default shall exist, the Note and all other Liabilities may (notwithstanding any other provisions thereof), at the option of the Mortgagee, and without demand or notice of any kind, be declared, and thereupon immediately shall become, due and payable, and the Mortgagee may exercise from time to time any rights or remedies available to it under applicable law. The undersigned agrees, in case of Default, to assemble, at its own expense, all of the Goods at a place convenient and acceptable to the Mortgagee, and to pay all costs of the Mortgagee of collection of the Note and all other Liabilities, and the enforcement of rights hereunder, including reasonable attorney's fees and legal expenses, and expenses of any repairs to any realty or other property to which any of the Goods may be affixed or be a

part. If any notification of intended disposition of any of the Goods is required or may be required by law, such notification, if mailed, shall be deemed reasonably and properly given if mailed at least five days before such disposition, postage prepaid, address to the undersigned either at the address shown below, or at any other address of the undersigned appearing on the records of the Mortgagee. Any proceeds of any disposition of any of the Goods may be applied by the Mortgagee first, to the payment of expenses in connection with the Goods, including a reasonable attorney's fee and legal expenses, and any balance of such proceeds may be applied by the Mortgagee toward the payment of such of the Liabilities, and in such order of application, as the Mortgagee may from time to time elect.

No delay on the part of the Mortgagee in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Mortgagee of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

If more than one party shall execute this Agreement, the term "undersigned" shall mean all parties signing this Agreement and each of

them, and all such parties shall be jointly and severally obligated hereunder.

The neuter pronoun, when used herein, shall include the masculine and feminine and also the plural. If this Agreement is not dated when executed by the undersigned, the Mortgagee is authorized, without notice to the undersigned, to date this Agreement.

This Agreement has been delivered at Shelby, Alabama, and shall be construed in accordance with the laws of the State of Alabama. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision only shall be ineffective and only to the extent of such prohibition or invalidity, without in any manner invalidating the remainder of such provision of the remaining provisions of this Agreement.

The rights and privileges of the Mortgagee hereunder shall inure to the benefit of its heirs, successors, and assigns.

IN WITNESS WHEREOF, this Agreement has been duly executed as
of the 4th day of May, 1998.

Amirali Panjswani
Amirali Panjswani DBA Stop and
Shop

SCHEDULE A

Inventory and Equipment List

A corporation known as "Noodles, Inc." which now operates a mom and pop/convenience store known as "Noodles' Stop and Shop" on Highway 31, Alabaster, Alabama 35007, and has entered into an agreement dated 5-4-94 ; to sell the business and all its personalty to Amiral Panjwani. The property to be transferred includes the sale of the premises and the security under the sale, stock-in-trade, furniture, fixtures, equipment, transferable insurance policies, contracts, licenses and all other property owned and used by the transferor in the business listed in this schedule.

EQUIPMENT LIST

- 2 Beer Coolers (2 door)
- 1 Cooler (3 door) Milk, etc
- 8 Sections of Metal Shelving
- 1 Cash Register
- 3 Compartment Sink
- 1 Air Conditioner
- 1 Large Wooden Desk
- 1 Small Metal Desk
- 1 12' formica check out counter
- 1 4' check out counter for Deli
- 1 8' formica counter
- 1 Large metal rack for candy, cookies, etc.
- 1 Small Metal rack for cakes
- 1 Single Metal shelf 4' X 4'
- 1 8' long table (for phone, credit cards & etc)
- 1 VCR, 4 cameras and monitor

Baker Inventory Services
706 Sally Ann Circle
Birmingham, Al 35215
(205) 833-0025

STORE: No. 125
DAY: SUN
DATE: 5-3-98
TIME: 2:15

1.	Outside	3800
2.	Display Window	141958
3.	Auto	77785
4.	Ice Box	3815
5.	Pet Food	-
7.	Cleaners	-
8.	Drink Cooler	159551
9.	" Display	115494
10.	Behind Checkout	164041
11.	Checkout	179419
12.	Display Isln	41543
13.	Food	13878
14.	Cookies	61867
15.	Can Goods	67279
16.	Snack Center	-
17.	Slush Cups	46926
18.	Coffee "	57643
19.	Lighters	2245
20.		
21.		
22.		
23.		
24.		
25.		
26.		
27.		
28.		
29.		
30.		
31.		
32.		
33.		
<u>Total Gr.</u>		<u>11,072.74</u>

<u>Cig</u>	
Pk Cig	223364
Ctn "	58594
<u>Total</u> - <u>281958</u>	
<u>-Beer-</u>	
Beer Cooler	76608
" Displays	3714
<u>Total Beer</u> - <u>80322</u>	
<u>Bait</u>	
Crickets	10740
Worms	6950
<u>Total Bait</u> - <u>17690</u>	

SALES PRIOR +
1/2 SALES +
PURCHASES -

TOTAL INVENTORY 14,872.14

+ 2711.63 ($\frac{1}{2}$ of last week's sales)
17583.77

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05/13/1998-17482
09:06 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
013 MCD 83.50