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PURCHASE MONEY
SECURITY AGREEMENT

Date April 1[illegible], 1[illegible]

Between (Name) [illegible] PATRICIA R. [illegible]

(Address) [illegible] S. W. 57th, Portland, Oregon

(a corporation, partnership, individual, herein called "Borrower") and FIRST STATE BANK OF OREGON an Oregon Banking Corporation, Milwaukie Office, [illegible] Box [illegible], Milw., Oregon [illegible]
Address

Section 1. LOAN AGREEMENT. The Bank, upon execution and delivery to it by Borrower of this agreement, Borrower's promissory note(s), financing statement and completion of other required details will make a loan to the Borrower. The promissory note(s) shall be in the face amount of $[illegible] payable on the terms and at the interest rate set forth on the note(s).

Section 2. COLLATERAL. To secure the payment and performance of all obligations of the Borrower set forth in this agreement, the note(s) and any other obligations of the Borrower to the Bank, the Borrower grants to the Bank a security interest in the following collateral:

2. 1 DESCRIPTION OF COLLATERAL.

One (1) new, coiled, [illegible] gallon Class [illegible] Tank Car, equipped with [illegible] ton roller bearing trucks, manufactured by General American Transportation Corporation at Sharon, Pennsylvania, initialed and numbered TLX-2338

together with all accessories, substitutions, additions, replacements, parts and accessions affixed to or used in connection with the collateral.

2. 2 OTHER PROPERTY OF BORROWER IN BANK'S POSSESSION OR CONTROL. All tangible personal property owned by the Borrower or in which it has an interest which are now or may hereafter be in the possession and control of the Bank.

2. 3 USE OF COLLATERAL. Borrower shall use the collateral

- [x] a. In business, or
- [ ] b. For personal, family or household purposes, or
- [ ] c. In farming operations.

2. 4 LOCATION OF COLLATERAL.

(a) Fixtures.

(1) If the collateral is to be attached to real estate, the address of the real estate is _____

and the name and address of the record owner, if other than the Borrower, is _____

(2) If the collateral is or will be attached to the real estate prior to this loan or prior to the perfection of the Bank's security interest, Borrower will furnish the Bank with subordinations by all persons having any interest in the real estate. The names, addresses and interest of all persons whose interests are to be subordinated, other than those set forth in Section 2.4 (a) (1) are _____

(b) Goods used in more than one state. If the collateral is goods of a type which are normally used in more than one state, the chief place of business of Borrower, if other than the address of Borrower set forth at the beginning hereof, is _____

(c) Other Goods. In any other event the collateral will be kept at the following address, if other than the address of Borrower set forth at the beginning hereof _____

2. 5 SPECIAL TERMS AND CONDITIONS.

THIS AGREEMENT INCLUDES ALL THE TERMS ON THE REVERSE SIDE HEREOF.

[illegible]
(Borrower's Name)

ATTEST

By Richard A. Pedersen

By Patricia R. Pedersen

Witness, Secretary of Corporate Borrower

FIRST STATE BANK OF OREGON

Payment and performance of the above obligation absolutely, unconditionally and continuously guaranteed.

By [illegible]

By _____

By _____

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Section 3. OTHER AGREEMENTS OF BORROWER.

3. 1 USE OF PROCEEDS OF LOAN. If the loan is to be used to pay a portion of the purchase price of the collateral, Borrower either will use all of the proceeds of the loan to pay the purchase price and for no other purpose, or hereby authorizes the Bank to make payment of the proceeds of the loan directly to the seller of the collateral and to pay premiums on such insurance as may be deemed necessary by the Bank.

3. 2 SELL, ETC. Borrower will not sell, exchange, lease or otherwise dispose of the collateral, nor permit any lien or security interest therein, or a financing statement to be filed, other than that of the Bank.

3. 3 PRESERVATION. Borrower will maintain the collateral in good condition and repair and preserve it against loss, damage or depreciation in value other than by reasonable wear.

3. 4 INSURANCE. Borrower will carry insurance on the collateral against fire, theft and other casualty, including collision, if applicable, in an amount and with insurers satsifactory to the Bank, loss to be payable to the parties as their respective interests may appear. In the event of any loss or damage to the collateral Borrower forthwith shall notify the Bank in writing and file proofs of loss with the insurers. Borrower, upon request, shall deliver to the Bank the policies or certificates.

3. 5 TAXES. Borrower will pay, when due, all taxes, license fees and assessments relating to the collateral or its use.

3. 6 AUTHORITY TO BANK. Borrower authorizes the Bank, if Borrower fails so to do, to do all things required of Borrower by Sections 3.3, 3.4 and 3.5 and charge all its expenses to Borrower with interest at 6% from the date incurred by the Bank.

3. 7 CHARGING DEPOSIT ACCOUNT. Borrower authorizes the Bank, without demand and acting in its discretion in each instance, to charge and withdraw from any credit balance which Borrower may then have with the Bank or any of its branches any amount which shall become due from Borrower to the Bank under this agreement. The Bank, within a reasonable time, shall advise Borrower of each such charge and the amount thereof.

3. 8 REMOVAL AND INSPECTION. Borrower will not remove the collateral from the specified location, except in the normal course of business for temporary periods, without the prior written consent of the Bank and will permit the Bank to inspect the collateral at any time.

3. 9 PERFECTION OF SECURITY INTEREST. Borrower will join with the Bank in executing, filing and doing whatever may be necessary under applicable law to perfect and continue the Bank's security interest in the collateral, all at Borrower's expense.

3.10 EXTENSIONS AND RELEASES. Borrower consents to any extension of time of payment or to any substitution, exchange or release of collateral, and to the addition to our release of any party or person primarily or secondarily liable.

Section 4. GENERAL.

4. 1 NEGOTIABILITY OF NOTE(S). The promissory note(s) which this agreement secures is a separate instrument and may be negotiated, assigned, extended or renewed by the Bank without releasing Borrower, the collateral or any guarantor or co-maker.

4. 2 LAW GOVERNING. All the terms herein, and the rights, duties and remedies of the parties shall be governed by the laws of the State of Oregon.

4. 3 BURDEN AND BENEFIT. All of the benefit hereof shall inure to the Bank, its successors and assigns, and the obligations shall be binding upon the Borrower, his or its heirs, legal representatives, successors and assigns.

4. 4 GUARANTOR OR CO-MAKER. If there be more than one borrower, or a guarantor or co-maker of the note(s) or this agreement, the obligation of all shall be primary and joint and several.

4. 5 NON-WAIVER BY BANK. The Bank shall not be deemed to have waived any of its rights under this or any other agreement, or instrument signed by Borrower unless the waiver is in writing signed by the Bank. No delay in exercising its rights shall be a waiver nor shall a waiver on one occasion operate as a waiver of such right on a future occasion.

4. 6 NOTICES. Each demand, notice or other communication shall be served or given by mail or telegraph addressed to the party at its address set forth herein or as changed by written notice to the other party, or by personal service upon the party or its proper officer. Reasonable notice, when notice is required, shall be deemed to be 5 days.

4. 7 SEVERABILITY. Any part of this agreement contrary to the law of any state having jurisdiction shall not invalidate other parts of this agreement in that state.

Section 5. DEFAULT. Borrower shall be in default under this agreement at any time the Bank deems itself insecure and in all events upon the occurrence of any of the following:

5. 1 NONPAYMENT OF PRINCIPAL AND INTEREST. Failure to pay when due the principal of or interest on any note.

5. 2 BREACH OF BORROWER'S AGREEMENT. Failure by Borrower to keep, observe or perform any provision of this agreement or any other agreement between Borrower and the Bank.

5. 3 MISREPRESENTATION. Misrepresentation or material falsity of any certificate or statement made or furnished by Borrower to Bank whether or not in connection with this agreement.

5. 4 INSOLVENCY. Death of, termination of business of or commencement of any insolvency proceedings by or against Borrower or if Borrower becomes insolvent.

Section 6. REMEDIES OF DEFAULT. In addition to all the rights and remedies of a secured party upon default set forth in the Uniform Commercial Code, the note(s) and this agreement, the Bank may declare the note(s) immediately due and payable, and

6. 1 ASSEMBLE COLLATERAL. May require Borrower to assemble the collateral and make it available at a designated reasonably convenient place.

6. 2 COUNSEL FEES AND LEGAL EXPENSE. Charge Borrower reasonable counsel fees and legal expenses incurred by the Bank in retaking and realizing on the collateral.