



# BANK OF COMMERCE & INDUSTRY

6100 N. NORTHWEST HIGHWAY/CHICAGO, ILLINOIS 60631/(312) 775-8000

RECORDATION NO. 12962  
Filed 1426

12962

RECORDATION NO. .... Filed 1426

FFB 24 1981 -2 30 PM  
INTERSTATE COMMERCE COMMISSION

FFB 24 1981 -2 50 PM

February 19, 1981

INTERSTATE COMMERCE COMMISSION

No. 1-055A098

Date FEB 24 1981

Fee \$ 50.00

ICC Washington, D. C.

Secretary of the Interstate Commerce Commission  
Washington, D.C. 20423

To Whom It May Concern:

Enclosed please find Bank of Commerce & Industry's Letter of Transmittal regarding the financing of a rail hopper car to CRZ Partnership, an Individual Form of Acknowledgement, and an executed original and two certified copies of our Security Agreement.

Please record and return to the Bank.

Very truly yours,

*Gerard J. Heinrichs* / 241

Gerard J. Heinrichs  
Vice President

GJH/1h

RECEIVED  
FEB 24 2 45 PM '81  
I.C.C.  
FEE OPERATION BR.

LETTER OF TRANSMITTAL

Secretary of the Interstate Commerce Commission  
Washington, D.C. 20423

Dear Sir:

The Bank of Commerce & Industry will be financing a rail hopper car for CRZ, Partnership and the information concerning the transaction is listed below:

Lender:

Bank of Commerce & Industry  
6100 N. Northwest Highway  
Chicago, Illinois 60631

Borrower (Purchaser):

CRZ, Partnership  
6676 N. Northwest Highway  
Chicago, Illinois 60631

Equipment:

One (1), 100 ton - 4,650 cu. ft. steel cover hopper car #RRRX-1168,  
AAR mechanical designation "L0".

Management Agent (Seller):

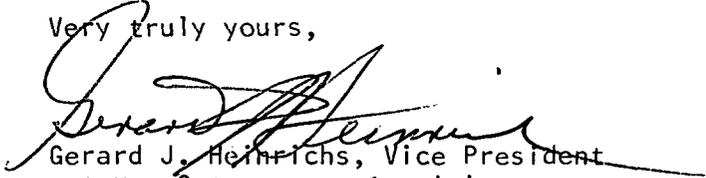
Rex Leasing, Inc.  
616 Palisade Avenue  
Englewood Cliffs, NJ 07632

Lessee:

Farmland Industries  
P.O. Box 7305  
Kansas City, MO 64116

If you have any questions, please feel free to call.

Very truly yours,

  
Gerard J. Heinrichs, Vice President  
312-775-8000, extension 454

BANK OF COMMERCE & INDUSTRY  
6100 N. NORTHWEST HIGHWAY  
CHICAGO, ILLINOIS 60631

**Interstate Commerce Commission**  
Washington, D.C. 20423

3/9/81

OFFICE OF THE SECRETARY

Gerard J. Heinrichs  
Vice President  
Bank Of Commerce & Industry  
6100 N. Northwest Highway  
Chicago, Illinois 60631

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/24/81 at 2:50pm, and assigned re-  
recording number(s). 12962 & 12962-A

Sincerely yours,

*Agatha L. Mergenovich*  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

SE-30  
(7/79)

FFB 24 1981 -2 50 PM

S E C U R I T Y   A G R E E M E N T

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT by and between the Bank of Commerce & Industry, an Illinois banking corporation ("LENDER") and CRZ, Partnership an Illinois corporation ("BORROWER"), having its principal place of business at 6676 N. Northwest Hwy., Chicago, IL 60631

W I T N E S S E T H

Lender agrees to lend money to Borrower and Borrower agrees to borrow money from Lender upon the following representations, warranties, terms, provisions, and conditions:

1. DEFINITIONS

1.1 "Borrower's Liabilities", wherever used in this Agreement, shall mean all liabilities and indebtedness of any and every kind and nature, heretofore, now or hereafter owing, arising, due or payable from Borrower to Lender, howsoever evidenced, created, incurred, acquired or owing, whether primary, secondary, direct, contingent, fixed or otherwise, and whether arising under this Agreement or under any contracts, purchase orders or agreements heretofore, now or hereafter executed and delivered by Borrower to Lender, or by oral agreement or operation of law, and whether evidenced by instruments or other evidence of indebtedness.

1.2 All other terms of this Agreement shall have the meanings provided by the Uniform Commercial Code of Illinois, to the extent the same are defined or used therein.

2. COLLATERAL

2.1 To secure the repayments to Lender of Borrower's Liabilities, Borrower hereby grants to Lender a security interest in all of Borrower's existing and after acquired or created accounts receivable, contract rights, chattel paper, documents, instruments, general intangibles, machinery, equipment, tools and dies, leases, deposits, customer's lists, routes, patents and patent applications, trade marks and trade names, franchises, licenses, insurance policies, return insurance premiums, furniture, fixtures, inventory, merchandise, finished goods, returned merchandise and goods, work in process, parts, supplies, raw materials, and all personal property of every kind, nature or description, presently owned or hereafter acquired by the Borrower and wherever located; together with all products, proceeds and accessions thereto, wherever located and which Borrower owns or in which Borrower has an interest. The property and interests in property described in this paragraph 2.1 are sometimes hereinafter collectively referred to as "Collateral".

2.2 Borrower shall execute and deliver to Lender concurrently with the execution of this Agreement, and at any time or times hereafter at the request of Lender, all financing statements, renewal financing statements, security agreement, affidavits, notices and all other agreements, instruments, and documents that Lender may request, in form satisfactory to Lender to perfect and maintain the security interests granted herein by Borrower to Lender and in order to fully consummate all of the transactions contemplated herein and under any other agreement, instrument or document now or at any time or times hereafter executed by Borrower and delivered to Lender.

2.3 Borrower shall make appropriate entries upon its books and records disclosing the security interests of Lender upon the Collateral and Lender shall have the right at any time or times hereafter to verify the amount, condition or any other matter relating to the Collateral and all of Borrower's books and records.

2.4 The terms and provisions of any agreement, instrument or document now or from time to time hereafter executed by Borrower and delivered to Lender are hereby incorporated herein by this reference thereto; provided, however, no terms or provisions thereof shall vary the terms of this Agreement without the express written consent of Lender.

CERTIFIED COPY OF AN ORIGINAL DOCUMENT HELD  
BY BANK OF COMMERCE & INDUSTRY.

\*including but not limited to, one (1) 100 ton, 4650 cu. ft. steel covered hopper car #RRRX-1168  
AAR mechanical designation "L0".

### 3. PRIORITY OF SECURITY INTERESTS

3.1 Borrower warrants and represents that the security interests which are granted to Lender hereunder shall constitute at all times valid first, choate security interests upon all of the Collateral described in paragraph 2.1 above and that said security interests upon said Collateral shall not become subordinate or junior to the security interest, liens or claims of any person, firm or corporation, including the United States, or any department, agency or instrumentality thereof, and any state, county, or local governmental agency. Borrower shall not grant a security interest in or permit a lien or encumbrance upon any of the Collateral to anyone except Lender as long as Borrower is indebted to Lender.

### 4. LOCATION OF COLLATERAL

4.1 Borrower represents and warrants that its principal place of business is, and all of its records concerning each item of "Collateral" referred to in paragraph 2.1 hereof are located at \_\_\_\_\_ and represents and agrees that it shall not keep any records concerning the same at any other address unless written notice thereof is given to Lender at least ten (10) days prior to the creation of any new address for the keeping of such records. Borrower further represents and warrants that all tangible items of said Collateral are located at \_\_\_\_\_

4.2 Borrower represents and warrants that all of its existing and hereafter acquired inventory, equipment, furniture, and fixtures are and will be located at the address referred to in paragraph 4.1 hereof, and represents and agrees that it shall not remove all or any portion of said Collateral from said address without the written consent of Lender (except for sales made in the regular course of its business).

### 5. ACCOUNTS

5.1 Borrower may collect its accounts receivable, chattel paper, contract rights, instruments, and general intangibles (collectively referred to in this paragraph 5 as "accounts"), but only in the ordinary course of its business, until such privilege is revoked by Lender, for any reason and at any time, by notifying the account debtors and obligors thereof to pay directly to Lender.

5.2 Borrower shall furnish Lender at such intervals as Lender may determine such reports concerning Collateral as Lender may from time to time hereafter request, all of which reports shall be in the form customarily used by Lender.

5.3 Borrower shall deliver to Lender from time to time hereafter at such intervals as requested and determined by Lender copies of all invoices, delivery evidences, and other such documents relating to its accounts. Borrower shall immediately inform Lender of the rejection of goods by any account debtor or obligor relating to its accounts, delays in delivery of goods, non-performance of contracts, and of any claimed offset and counterclaim which may be asserted with respect thereto; Borrower shall not permit or agree to any extension, compromise or settlement or make any change or modification with respect to any of its accounts. Borrower shall furnish to Lender all information received by Borrower relating to the financial condition of any account debtor of an account.

5.4 Upon written notification to Borrower from Lender, Borrower shall hold as the sole property of Lender, as trustee for Lender, all monies, checks, notes, drafts, and other property in the nature of items of payment representing proceeds of Collateral and proceeds of the property and interests in property of Borrower described in paragraph 2.1 above which are in the possession of Borrower at the time such notification is received, and thereupon immediately transmit all such items of payment and proceeds in the exact form received by Borrower to Lender at 6100 North Northwest Highway, Chicago, Illinois.

Borrower shall affix appropriate endorsements or assignments upon all such items of payment and proceeds so that the same may be properly deposited by Lender to its account. Borrower does hereby irrevocably make, constitute and appoint Lender and any of its officers and employees as true and lawful attorneys of Borrower, with power to endorse the name of Borrower upon any of the aforesaid items of payment or proceeds and to deposit the same to the account of Lender on account of Borrower's liabilities. The obligations of Borrower contained in this paragraph shall survive and continue, notwithstanding the termination of this Agreement for any reason.

5.5 With respect to each and every account now or hereafter owned by Borrower, Borrower warrants and represents that:

- (a) It is not evidenced by a judgment unless such judgment has been duly assigned to Lender;
- (b) The amount shown on the books and records of Borrower for each account and on every invoice and statement delivered to Lender with respect to each account is actually and absolutely owing to Borrower, and is not contingent for any reason;
- (c) Borrower has good, clear, unencumbered, indefeasible title to each account;
- (d) No such account or any interest therein has been transferred to anyone other than Lender and no one except Lender has any claim thereto or to the goods sold by Borrower giving rise to such account;
- (e) No payments have been made on any such accounts, except payments turned over to Lender by Borrower;
- (f) There is no setoff, counterclaim, or dispute existing or asserted at any time with respect to any existing or future accounts and no agreement has been made with any account debtor for any deduction of discount of the sum payable under an account according to its terms, except regular discounts allowed by Borrower in the ordinary course of business for prompt payment;
- (g) There is not now and shall not be at any time or times hereafter any fact, event or occurrence which in any way impairs the validity of enforcement of an account or tends to reduce the amount payable thereunder from the amount of an account as shown on the books and records of Borrower or the invoices relating thereto, or as shown on the face of an account, and each account debtor is solvent and will remain so until the account is paid to Lender;
- (h) Except for the security interest herein of Lender, the goods sold or transferred giving rise to an account were not subject to any lien, encumbrance or security interest;
- (i) It does represent a bona fide transaction in accordance with the terms and provisions contained in the invoice or invoices and purchase orders relating thereto, and is genuine in all respects.

5.6 Lender shall have the rights at any time and from time to time hereafter (without notice to Borrower) to notify all account debtors of Borrower that accounts have been assigned to Lender, that Lender has a security interest therein, and direct all such account debtors to make payments to Lender of all sums owing by account debtors; to enforce payment, collect (by legal proceeds or otherwise) accounts in the name of Lender or in the name of Borrower, or both; to take control in any manner of any cash or non-cash items of payment or proceeds thereof and of any returned or repossessed goods relating to any accounts; and to settle, compromise, sell, assign, extend or renew any debt owing by an account debtor and discharge and release in the name of Borrower an/or Lender any such account debto upon such terms as Lender may deem advisable, all without notice to

Borrower or any successor in interest of Borrower. Any and all costs and expenses incurred by Lender with respect to the enforcement, collection, or protection of its interests in the accounts, whether by suit or otherwise, notification of account debtor, including, but not limited to, reasonable attorneys' fees, court costs, court reporter expenses, collectors, telegram costs, or repairing, altering or supplying goods, if any, necessary to fulfill in whole or in part the purchase order of any such account debtor from which the account involved has arisen, shall be part of Borrower's Liabilities and shall be payable on demand.

5.7 Lender may, in its sole discretion, release to Borrower from time to time, such portion of the monies, reserves and proceeds received or collected by Lender with respect to the accounts as Lender may, in its sole discretion determine and all such monies, reserves and proceeds and other property of Borrower in possession of Lender at any time or times hereafter are hereby pledged to Lender as additional security for the payment of Borrower's Liabilities.

5.8 Borrower releases Lender from any and all causes of action or claims which it may now or hereafter have for any asserted loss or damage claimed to be caused by any failure of Lender to protect, enforce or collect in whole or in part any account, or by the notification of some or all account debtors of the existence of the security interests of the Lender upon the accounts and directing all such debtors to pay any sums owing to Borrower direct to Lender, or by any other act or omission to act on the part of Lender, its officers, agents, and employees, except for willful misconduct. Lender shall have no obligation to preserve rights against prior parties accounts.

5.9 Borrower does hereby irrevocably make, constitute and appoint Lender and any of its officers, employees, and agents, as the true and lawful attorney of Borrower with power to receive, open and dispose of all mail addressed to Borrower to execute in the name of Borrower such directions and forms as may be required to change the delivery address of all mail of Borrower and instruct the postmaster to deliver the same to Lender, to endorse the name of Borrower upon any checks, notes, acceptances, drafts, money orders or other instruments and evidences of payment that may come into the possession of Lender, and to deposit the same to the account of Lender on account of Borrower's Liabilities when the same are cleared and honored; to endorse the name of Borrower upon any chattel paper, documents, instrument, invoice, freight bill, bill of lading or similar document relating to any account or goods pertaining thereto or which are owned by Borrower, to sign the name of Borrower to verifications or accounts and notices thereof to account debtors.

5.10 Lender or any of its officers, employees, agents or auditors shall have the right at any time or times hereafter to verify the validity and amount of any other matter relating to any account by mail, telephone, telegraph or otherwise, in the name of Borrower or Lender, or any agent of Lender, and the expenses relating thereto incurred by Lender after an event of default shall be part of Borrower's Liabilities, payable on demand. Borrower shall also pay to Lender any charges made by a bank against Lender for or with respect to the procuring of any items of payment pertaining to the Collateral.

5.11 In the event Borrower obtains or receives any guarantees of or Collateral to secure the indebtedness of any account debtor or any instruments or documents with respect to any account, then Borrower shall immediately transfer, assign and deliver the same to Lender.

## 6. INVENTORY AND EQUIPMENT

6.1 Until a default by Borrower hereunder, Borrower may, in accordance with the terms of this Agreement, in any lawful manner, and not inconsistent with this Agreement, sell its inventory only in the ordinary course of its business. Borrower shall keep and maintain all of its equipment in good operating condition and repair, make all necessary replacement of any renewals thereto so that the value and operating efficiency thereof shall at all time be maintained and preserved.

6.2 Lender shall have the right, from time to time hereafter, to inspect and examine the inventory and equipment and to check and test the inventory as to quality, quantity, value, and condition. Borrower shall on demand by Lender immediately deliver to Lender any and all evidences of ownership of and certificates of title to any of the Collateral.

6.3 Lender shall not be liable for or responsible in any way for the safekeeping of Borrower's inventory or equipment, or for any loss or damage thereto, or for any diminution of the value thereof, or for any act of default of any carrier, warehouseman, or forwarding agency thereof, or other person whomsoever, but the same shall be at all times at Borrower's risk. All risk or loss, damage or destruction to Borrower's inventory or equipment or any portion thereof, shall be borne by Borrower.

6.4 Borrower shall at all times hereafter keep correct accurate stock, cost and sales records of the inventory, accurately and sufficiently itemizing and describing the kinds, type and quantity of the inventory and Borrower's actual costs and selling prices thereof, which records shall also accurately reflect the daily withdrawals from and additions thereto, all of which records shall be continuously available to Lender for inspection. Lender shall at all reasonable times, upon demand, have the right to inspect and withdraw data from any of Borrower's books and sales records,

## 7. TAXES AND INSURANCE

7.1 Borrower shall pay promptly, when due, all sales, use, excise, personal property, income, withholding, corporate, franchise, and all other taxes, assessments, and governmental charges upon and relating to its ownership or use of any of its assets, income, or gross receipts for which Borrower is or may be liable, except to the extent any such liabilities are being contested in good faith and with due diligence by Borrower and the amount of said liabilities, or the contest thereof, do not, in Lender's sole discretion, adversely affect Borrower's financial condition, ability to pay Borrower's Liabilities, the security interest of Lender upon the Collateral or the priority of any security interests of Lender.

7.2 Borrower shall not permit, or suffer to remain, and will promptly discharge, any lien arising from any unpaid tax, assessment, levy or governmental charge.

7.3 In the event Borrower shall fail to pay any such tax, assessment, levy or governmental charge or to discharge any such lien, then Lender, without waiving or releasing any obligation or default of Borrower hereunder, may at any time or times hereafter, but shall be under no obligation to do so, make such payment, settlement, compromise, or release or cause to be released any such lien, and take any other action with respect thereto which Lender deems advisable. All sums paid by Lender in satisfaction of, or on account of any tax, levy or assessment or governmental charge, or to discharge or release any lien, and any expenses, including reasonable attorney's fees, court costs, and other charges relating thereto, shall be part of Borrower's Liabilities, payable on demand and secured by Lender's security interest in the Collateral.

7.4 Borrower shall keep all of the collateral insured, at its expense, against loss or damage by fire, explosion and such other risks ordinarily insured against by other owners or users of similar property in similar businesses for the full insurable value thereof, by policies or insurance in such Form and with such companies and in such amounts as may be satisfactory to Lender. Borrower shall similarly keep and maintain, at its expense, insurance upon all of the inventory while in the possession of any other person, firm or corporation.

7.5 The original of all such insurance policies covering the risks set forth in paragraph 7.4 above shall be delivered to Lender upon demand with loss proceeds payable clauses in a form satisfactory to Lender naming Lender as payee and all proceeds payable under any of said policies shall be payable in all events to Lender, unless written consent to the contrary is obtained from Lender, and applied to Borrower's Liabilities. Borrower hereby grants to Lender a continuing security interest in and to all of said policies and the proceeds thereof to secure the payment of Borrower's Liabilities.

7.6 Each insurer shall agree by endorsement upon the policy or policies issued by it to Borrower required above, or by independent instruments furnished to Lender, that it will give Lender ten (10) days written notice before any such policy or policies shall be altered or cancelled, and that no act or default of Borrower or any other person shall affect the right of Lender to recover under such policy or policies in case of loss of damage.

7.7 If Borrower shall at any time or times hereafter fail to obtain and maintain any of the policies of insurance required above, or fail to pay any premium in whole or in part relating to any such policies, then Lender may, but it shall have no obligation to do so, obtain and cause to be maintained any or all of such policies and pay any part or all of the premiums due thereunder without thereby waiving any default by Borrower and any sums so disbursed by Lender shall be part of Borrower's Liabilities, payable on demand and secured by Lender's security interests in the Collateral.

## 8. WARRANTIES, REPRESENTATIONS AND COVENANTS

8.1 Borrower warrants, represents and covenants that:

(a) It is now and at all times hereafter shall be the absolute owner, free and clear of all liens, encumbrances and security interests, except the security interests and rights of Lender therein, of indefeasible title to all of the Collateral referred to in paragraph 2.1 hereof.

(b) It has the power and is duly authorized to enter into this agreement and to execute and deliver to Lender, now and from time to time hereafter, additional agreements, instruments, and documents relating to the borrowing of monies from Lender and the granting of security interests upon the assets of Borrower to secure the repayment of Borrower's Liabilities.

(c) The execution by Borrower of this Agreement and any other agreements, instruments and documents which may from time to time hereafter be executed by Borrower and delivered to Lender shall not constitute a breach of any provision contained in the Articles of Incorporation or By-Laws of Borrower, any agreement which Borrower is now or hereafter a party, and the performance by Borrower of all of the terms and provisions contained in this Agreement, and in any and all other agreements, instruments, and documents now or hereafter executed by Borrower and delivered to Lender shall not constitute an event of default under any other agreements to which Borrower is now or hereafter a party.

(d) All financial statements and information relating to Borrower concurrently or hereafter delivered by Borrower to Lender shall be true and correct and shall be prepared in accordance with generally accepted accounting principles consistently applied.

(e) There are not actions or proceedings (other than those arising in the ordinary course of its business) which are pending or threatened against Borrower which might result in any material adverse change in the financial condition of Borrower, or which might in any way affect any of the assets of Borrower.

(f) It has duly filed all federal, state, and other governmental tax returns which it is required by law to file, and that all taxes and other sums which may be due to the United States, any state or other governmental authority have been duly paid and that the reserves provided upon the books and records of Borrower are now and shall hereafter be adequate in amount to fully reflect all such tax liabilities which may now or hereafter accrue.

(g) It shall at all times that any Borrower's Liabilities are owing, maintain a standard and modern system of accounting in accordance with generally accepted accounting principles, maintain ledger and account cards which contain such information as may be requested by Lender, and shall permit Lender or any of its agents or representatives to have access to and to examine all of the books and records of Borrower as well as any of its properties and interest in properties at any time or times hereafter during business hours, and in connection therewith, permit Lender to copy and make abstracts from any and all of said books and records; and shall (i) within ninety (90) Days after the end of each fiscal year deliver to Lender a detailed report certified by independent public accountants satisfactory to Lender, consisting of the statement of the conditions and operation of Borrower for each such fiscal year; shall (ii) within twenty-five (25) days after the end of each month deliver to Lender a balance sheet and statement of profit and loss to which shall be attached a certificate signed by an authorized officer of Borrower to the effect that the balance sheet and statement of profit and loss, as well as all other statements specified above, are complete, correct and thoroughly present the financial condition of Borrower and the results of its operations for the period then ending, and that there exists on the date of delivery of said certificates to Lender no condition or event which constitutes a breach or event of default with respect to any provisions, warranties, conditions, representations, and terms contained in this or any other agreement, instruments or document now or hereafter executed by Borrower and delivered to Lender.

(h) It shall within five (5) days after receipt of a request from Lender to do so, supply Lender with a detailed list of all outstanding accounts receivable, which list shall include the name and address of each account debtor, the invoice numbers and amount and aging of each open invoice, and copies of each invoice issued to each account debtor not theretofore supplied to Lender, and all other relevant and pertinent information known to Borrower regarding each account debtor and the indebtedness owed to Borrower from each such account debtor.

(i) It shall promptly supply Lender with such other information concerning its affairs and property as Lender may request from time to time hereafter, and shall promptly notify Lender of any condition or event which constitutes a breach or an event of default of any term, condition, warranty, representation or provision in any agreement, instrument or document now or hereafter executed by Borrower and delivered to Lender, and of any material adverse change in the financial condition of Borrower.

(j) It shall promptly notify Lender in writing of any discharge or release from employment or change of duties, functions or responsibilities of any officer or key employee of Borrower, and of any change in the composition of its board of directors.

8.2 Borrower warrants that as long as Borrower's Liabilities remain unpaid, Borrower shall not, without the prior written consent of Lender:

(a) Grant a security interest in, pledge, assign, mortgage create or permit a lien or encumbrance upon any of the Collateral to anyone except Lender, or permit any levy, attachment, or restraint to be made affecting any of the Collateral, or permit any financing statement or any similar notices of lien, except those with respect to matters set forth in Exhibit A attached hereto, to be on file with respect to any of the collateral; provided, however, Borrower may grant a purchase money security interest in equipment, but such security interest shall be limited to the equipment purchased.

(b) Sell, lease or otherwise dispose or transfer, whether by sale, merger, consolidation or otherwise, any Collateral, merge or consolidate with any other corporation, acquire any other corporation, or enter into any transaction not in the usual course of its business.

(c) Make any investment in the securities of any corporation other than securities of the United States of America, or guarantee or otherwise become in any way liable with respect to the obligations of any other person, firm or corporation, except by endorsement of instruments or items of payment for deposit to the general account of Borrower or which are transmitted or turned over to Lender on account of Borrower's Liabilities.

(d) Make any repayment on account of loans or notes payable to officers or members of their families, which have been reflected in Borrower's financial statements as "Non Current Liabilities", nor upon loans payable on officers' life insurance policies.

(e) Pay or declare any dividends upon the capital stock of Borrower, redeem, retire, purchase or otherwise acquire directly or indirectly any of the capital stock of Borrower except that so long as the net earnings of Borrower, as reflected in its financial statement for each fiscal period, in the opinion of Lender, are adequate to permit such payments, and Lender does not notify Borrower in writing to the contrary.

(f) Incur any debts outside of the ordinary course of business except renewals or extensions of existing debts and interest thereon.

## 9. DEFAULT

9.1 In the event at any time or times hereafter Borrower fails or neglects to perform, keep and observe any term, provision, warranty or condition contained in this Agreement or in any other agreement, instrument, document or promissory note now or hereafter executed by Borrower and delivered to Lender, which term, warranty, condition or provision is required to be performed, kept or observed by Borrower; or if at any time or times hereafter any representation, statement, report of certificate made now or hereafter by Borrower to Lender is not true and correct or if at any time or times hereafter Lender shall reasonably determine in good faith that it is insecure with respect to the repayment of all or any part of the liabilities owing from Borrower to Lender; or if all or any part of the property of Borrower is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes within the possession of any receiver, trustee, custodian, or assignee for the benefit of creditors; or if a petition for initiating a proceeding under the Bankruptcy Act is filed by or against Borrower; or if any proceeding is filed by or against Borrower for its dissolution or liquidation; or if Borrower is enjoined, restrained, or in any way prevented by court order from conducting all or any part of its business affairs in the ordinary course; or if an application is made for an appointment of a receiver, trustee, or custodian of all or any part of the assets of Borrower; or if a notice of lien is filed or recorded with respect to all or any part of the assets of Borrower by the United States, or any department, agency or instrumentality thereof, or by any state, county, municipality or other governmental agency; or if a judgment or other claim becomes a lien upon any assets of Borrower, or Borrower in any other way default with respect to any terms, conditions, warranties and provisions of any agreement, document or instrument now or hereafter executed by Borrower and delivered to Lender (all of which events are collectively or individually called "a default"), then upon a default, all of Borrower's liabilities shall, at the election of Lender and without notice of any kind to anyone, become immediately due and payable.

9.2 In the event of a default, Lender shall have, in addition to any other rights and remedies contained in this Agreement or in any other agreement, instrument or document now or hereafter executed by Borrower and delivered to Lender all the rights and remedies of a secured part under the Uniform Commercial Code, all of which shall be cumulative to the extent permitted by law. In addition to all such rights and remedies, the sale, lease or other disposition of Collateral, or any part thereof, by Lender after default, may be for cash, credit or any combination thereof, and Lender may purchase all or any part of the Collateral at private sale.

9.3 If at any time or times hereafter Lender retains counsel for advice with respect to this Agreement or any other agreement, instrument or document now or hereafter executed by Borrower and delivered to Lender, or to intervene, file a petition, answer, motion or other pleadings in any suit or proceeding relating to this Agreement or any other agreement, instrument or document now or hereafter executed by Borrower and delivered to Lender, or relating to any Collateral securing the repayment to Lender of Borrower's Liabilities, or to protect, take possession of, or liquidate any of such Collateral, or to attempt to enforce any security interest in any Collateral, or to represent Lender in any pending or threatened litigation with respect to the affairs of Borrower or in any way relating to any of the Collateral, Borrower's Liabilities, or to enforce any rights of Lender or liabilities of Borrower, account debtor, or any other person, firm or corporation which may be obligated to Lender by virtue of this Agreement or any other agreement, instrument or document now or hereafter delivered to Lender by or for the benefit of Borrower, then in any of such events, all of the reasonable attorneys' fees arising from such services, and any expenses, costs and charges relating thereto, shall be a part of Borrower's Liabilities, payable on demand.

9.4 In the event of a default:

(a) Lender shall have the right to enter upon the premises of Borrower without any obligation to pay rent, or any other place or places where the Collateral is located and kept and remove therefrom the Collateral to the premises of Lender or any agent of Lender for such time as Lender may desire, in order to effectively collect or liquidate the Collateral; and

(b) Lender shall have the right to enter and remain upon the various premises of Borrower without cost or charge to Lender, and to use the same, together with materials, supplies, books and records of Borrower for the purpose of preparing or processing for sale, liquidating or collecting the Collateral, whether by foreclosure, auction or otherwise, and any expenses, costs and charges relating thereto, shall be part of Borrower's Liabilities payable on demand.

9.5 Lender's failure at any time or times hereafter to require strict performance by Borrower of any of the provisions, warranties, terms and conditions contained in this Agreement or any other security agreement, agreement, instrument or document now or at any time or times hereafter executed by Borrower and delivered to Lender shall not waive, affect or diminish any right of Lender at any time or times hereafter to demand strict performance therewith and with respect to any other provisions, warranties, terms and conditions contained in this Agreement or any other security agreement, agreement, instrument or document, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto, and whether of the same or a different type. None of the warranties, conditions, provisions and terms contained in this Agreement or any other security agreement, agreement, instrument or document now or at any time or times hereafter executed by Borrower and delivered to Lender shall be deemed to have been waived by an act or knowledge of Lender, its agents, officers or employees, but only by an instrument in writing signed by an officer of Lender and directed to Borrower specifying such waiver.

9.6 Borrower hereby waives any and all causes of action and claims which it may ever have against Lender as a result of any possession, collection or sale by Lender of any Collateral securing Borrower's Liabilities in the event of a default by Borrower, notwithstanding the effect of such possession, collection or sale upon the business of Borrower; provided, however, the provisions of this paragraph 9.6 shall not be deemed to release or waive any claims or causes of action which Borrower may have against Lender by reason of Lender's gross negligence or wanton or willful misconduct.

9.7 In the event Lender seeks to take possession of any or all of the Collateral by court process, Borrower hereby irrevocably waives any bonds and any surety or security relating thereto required by any statute, court rule or otherwise as an incident to such possession, and waives any demand for possession prior to the commencement of any suit or action to recover possession thereof.

9.8 In the event of a default, Lender shall have the right to use or transfer, without cost or charge to Lender, any of Borrower's labels, trade names, trademarks, patents, patent applications and advertising matter or any property of a similar nature, in advertising for sale and selling any of the Collateral.

#### 10. TERM

10.1 This Agreement shall continue in full force and effect so long as any Borrower's Liabilities to Lender remain in existence, outstanding and unsatisfied. No termination of this Agreement shall in any way affect or impair the rights and liabilities of the parties hereto relating to any transactions or events prior to such termination date, and all agreements, warranties and representations of Borrower shall survive such termination.

#### 11. MISCELLANEOUS

11.1 Borrower shall concurrently with the execution of this Agreement deliver or cause to be delivered to Lender in form and substance satisfactory to Lender, among other documents:

- (a) Certified copies of resolutions of the shareholders and board of directors of Borrower approving the borrowing of funds from Lender and granting security interests upon the Collateral, and approving the execution and delivery of this Agreement and all other agreements, documents and instruments contemplated hereunder; and
- (b) Certificates of Incumbency with respect to the names of all of Borrower's officers, directors and stockholders; and
- (c) Such additional agreements, documents and instruments, notices, letters of authority and consents which Lender may require.

11.2 Borrower irrevocably waives the right to direct the application of any and all payments at any time or times hereafter which may be received by Lender by or for the benefit of Borrower and Borrower does hereby irrevocably agree that Lender shall have the continuing exclusive right to apply and reapply any and all such payments received at any time or times hereafter in such manner as Lender may deem advisable, notwithstanding any entry by Lender upon any of its books and records.

11.3 This Agreement and all agreements, instruments and documents executed and delivered pursuant hereto or to consummate the transactions contemplated hereunder shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto,

11.3 This Agreement and all agreements, instruments and documents executed and delivered pursuant hereto or to consummate the transactions contemplated hereunder shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

11.4 Unless the laws and decisions of another jurisdiction shall be controlling, the laws and decisions of the State of Illinois shall govern and control the construction, enforceability, validity and interpretation of this agreement and all of the agreements, instruments and documents now or at any time or times hereafter executed and delivered by Borrower to Lender.

11.5 All filing fees, stamp taxes and reasonable attorneys' fees incurred or paid by Lender with respect to the preparation, execution and filing of any agreement, instruments, documents, petitions and orders relating to this financing transaction between Lender and Borrower shall be a part of Borrower's Liabilities, payable on demand.

11.6 Any statement of indebtedness rendered by Lender to Borrower relating to Borrower's Liabilities, including all statements of balance owing, accrued interest, expenses and costs, shall be presumed correct and accurate and constitute an account stated unless, within thirty (30) days after receipt thereof by Borrower, Borrower shall deliver to Lender written objection thereto specifying the error or errors, if any, contained in any such statement.

11.7 Lender's entering into this Agreement with Borrower shall not be deemed to be or constitute a waiver by Lender of any of its claims, rights or remedies under or contained in any agreement, instrument or document from time to time heretofore or hereafter executed by Borrower and delivered to Lender.

11.8 Borrower waives any and all notice or demand which Borrower might be entitled to receive with respect to this Agreement by virtue of any applicable statute or law, and waives demand, protest, notice of protest, notice of default or dishonor, notice of payments and non-payments or any default, release, compromise, settlement, extension or renewal of all commercial paper, accounts, contract rights, instruments, chattel paper, guarantees, and otherwise, at any time held by Lender on which Borrower may in any way be liable, notice of non-payment at maturity of any and all accounts, instruments or chattel paper, notice of any action taken by Lender unless expressly required by this Agreement and hereby ratifies and confirms whatever Lender may do.

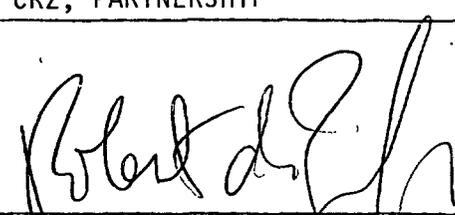
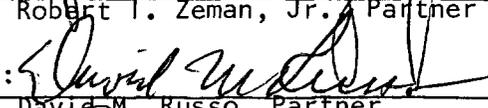
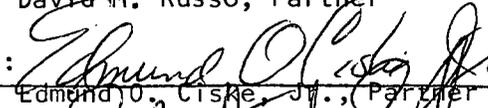
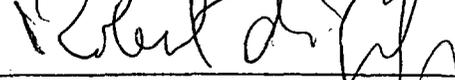
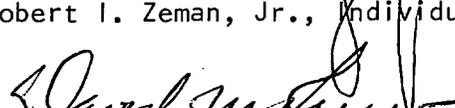
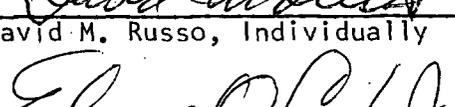
11.9 Any provision of this Agreement which is unenforceable or is invalid or contrary to law, or the inclusion of which would affect the validity, legality or enforcement of this Agreement, shall be of no effect, and in such case all the remaining terms and provisions of this Agreement shall subsist and be fully effective according to the tenor of this Agreement the same as though any such invalid portion had never been included herein.

11.10 All representations and warranties of Borrower and all terms, provisions, conditions and agreements to be performed by Borrower contained herein, and in any other security agreement, agreement, instrument or document executed by Borrower and delivered to Lender, shall be true and satisfied at the time of the execution of this Agreement, and shall survive the closing hereof and the execution and delivery of this Agreement and any and all other security agreements, agreements, instruments and documents executed by Borrower and delivered to Lender.

IN WITNESS WHEREOF, this Agreement consisting of 11 pages has been duly executed this 2nd day of January, 1981.

ATTEST:

ACCEPTED:   
BANK OF COMMERCE & INDUSTRY

CRZ, PARTNERSHIP  
  
BY: Robert I. Zeman, Jr., Partner  
  
BY: David M. Russo, Partner  
  
BY: Edmund O. Ciske, Jr., Partner  
  
x Robert I. Zeman, Jr., Individually  
  
x David M. Russo, Individually  
  
x Edmund O. Ciske, Jr., Individually