

(0100935005)

DONELAN, CLEARY, WOOD & MASER, P.C.

ATTORNEYS AND COUNSELORS AT LAW
SUITE 750
1100 NEW YORK AVENUE, N.W.
WASHINGTON, D.C. 20005-3934

OFFICE: (202) 371-9500

19908
JAN 2 1996 PM

TELECOPIER: (202) 371-0900

January 24, 1996

New Recordation No.

Dear Mr. Williams:

On behalf of Manufacturers Bank, I submit for filing and recording under 49 U.S.C. § 11301(a) and the regulations applicable thereunder, executed counterparts of a primary document, not previously recorded, entitled Security Agreement and Assignment of Lease, ("Agreement"), dated as of JANUARY 16, 1996.

The parties to the enclosed Agreement are:

Manufacturers Bank — SECURED PARTY
1200 North Ashland Avenue
Chicago, IL 60622

Diversified Financial Corporation — DEBTOR
Suite 1603
5330 Waterbury Drive
Crestwood, IL 60445

The said Agreement, among other things, acts to create a security interest in the equipment listed in Schedule A thereto by the Debtor to the Secured Party.

The equipment covered by the instant Agreement is identified in Schedule A thereto.

A short summary of the agreement to appear in the index established under 49 U.S.C. § 11301(b) is as follows:

"Covers two locomotives, IHB 3801 and 3802, as listed in Schedule A."

Country Club - D. Williams

RECEIVED
JAN 24 11 14 AM '96
OFFICE OF SECRETARY

SECURITY AGREEMENT AND ASSIGNMENT OF LEASE

9908

AGREEMENT, dated JANUARY 16, 1996 between DJIVERSIFIED FINANCIAL CORPORATION a(n) ILLINOIS corporation having its principal office at 5330 WATERBURY DRIVE, SUITE 1603, CRESTWOOD, ILLINOIS 60445 (the "Debtor") and Manufacturers Bank, 1200 North Ashland Avenue, Chicago, Illinois 60622 (the "Secured Party").

Article I

1. Debtor hereby grants to Secured Party a security interest in the equipment, machinery, inventory, and other personal property described in Schedule A attached hereto and incorporated herein by reference, and any and all substitutions, replacements, attachments, additions and accessions thereto or therefor to which Debtor acquires title under the Lease (defined below) and the proceeds thereof, including, without limitation, insurance proceeds and the proceeds of all subleases and all other dispositions thereof (collectively, herein the "Equipment").

2. In addition, Debtor hereby grants to Secured Party an assignment of and security interest in all of Debtor's right, title and interest in and to Equipment Schedule Number A dated OCTOBER 31, 1995 (the "Lease") to Master Lease Agreement dated OCTOBER 31, 1995 (the "Master Lease") between Debtor as lessor and INDIANA HARBOR BELT RAILROAD

as lessee ("Lessee"), including, without limitation, any and all rents, stipulated loss value payments, early termination payments, proceeds of the sale, re-lease or other disposition of the Equipment, amounts payable by reason of Lessee's default under the Lease or by reason of damage or loss to the Equipment, any and all other amounts due under the Lease of every kind and description, and the proceeds of the foregoing. The Equipment, the Lease and all rents and other amounts due and to become due thereunder, all proceeds of the Equipment and Lease and all other sums and property described hereinabove shall be referred to collectively hereinafter as the "Collateral"

3. Debtor shall direct the Lessee to pay all rents and other sums due and to become due under the Lease directly to the Secured Party. In the event that the Lessee inadvertently pays any such sums to Debtor, Debtor agrees it shall segregate and hold said sums solely as trustee for Secured Party, and Debtor agrees to immediately forward such payments to the Secured Party in the form in which they are received, with any necessary endorsement.

4. The Collateral is given to secure Secured Party's loan of \$ 874,640.63 to Debtor evidenced by that certain promissory note of even date herewith executed by Debtor, payable to the order of Secured Party in the principal sum of \$ 874,640.63, payable in installments and with interest as therein provided, and any renewal, modification, extension or refinancing thereof (hereinafter referred to as the "Note"). The Collateral shall also secure: (a) Debtor's obligations and liabilities arising out of Debtor's covenants, warranties and representations contained herein, (b) advances made by Secured Party to pay or discharge any other lien, security interest or encumbrance upon the Collateral, (c) advances made by Secured Party to protect the Collateral, or Secured Party's security interest or lien therein, and (d) all costs and expenses (including reasonable attorney's fees) incurred by Secured Party in the collection of the Note and any other indebtedness secured hereby, or the enforcement of Secured Party's security interest in the Collateral.

Article II

Debtor's Covenants, Representations and Warranties

The Debtor covenants, represents and warrants to Secured Party that:

1. Debtor is a corporation duly organized and validly existing in good standing under the laws of the State of ILLINOIS, is duly qualified to transact business in the jurisdiction in which the Equipment is located and in every other jurisdiction where failure to so qualify would have a material adverse effect on its ability to perform its obligations under this Agreement, the Note or the Lease.

2. The Equipment is leased to Lessee pursuant to the Lease. Except for (i) the security interest granted hereby, and (ii) Lessee's leasehold rights under the Lease, Debtor is the sole owner of the Equipment, which is free and will remain free of any lien, security interest or encumbrance, and Debtor will defend the Equipment against all claims and demands, which Secured Party deems to be adverse to its interests, of any person at any time claiming the same or any interest therein.

Except for the security interest granted to Secured Party hereby, Debtor is the sole owner of the Lease, which is free and will remain free of any lien, security interest or encumbrance, and Debtor will defend the Lease against all claims and demands, which Secured Party deems to be adverse to its interests, of any person at any time claiming the same or any interest therein.

The security interest in the Collateral granted to Secured Party by Debtor is a valid first priority security interest in and lien on the Collateral.

3. Debtor's execution of this Agreement, the Note, and the Lease has been duly authorized by all necessary action and creates binding obligations as stated therein. This Agreement, the Note, and the Lease are enforceable in accordance with their respective terms, except as they may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditor's rights in general.

4. The entering into and performance by the Debtor of this Agreement, the Note, and the Lease will not violate any provision of the Debtor's articles of incorporation or by-laws, or any applicable judgment, order, writ, injunction, decree, rule, law or regulation of any court, administrative agency or other governmental authority applicable to the Debtor, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon the Equipment or Lease pursuant to, any indenture, mortgage, deed of trust, contract, bank loan or credit.

5. No consent or approval of, giving of notice to, registration with, or taking of any other action in respect of or by, any state, Federal or other governmental authority or agency or commission is required with respect to the execution or performance by the Debtor of this Agreement, the Note or the Lease.

6. There is no action, suit or proceeding pending or, to Debtor's knowledge, threatened against or affecting the Debtor before or by any court, administrative agency or other governmental authority which brings into question the validity of the transactions contemplated by this Agreement, the Note or the Lease or which might materially adversely affect the financial condition of Debtor, or the ability of the Debtor to fulfill its obligations under this Agreement, the Note or the Lease.

accepted by the Lessee; that the lease transaction conforms to all applicable laws and regulations; that Debtor shall have no authority to, and will not, without Secured Party's prior written consent, accept payments of rent or of any other sum due or to become due under the Lease, or repossess or consent to the return of the Equipment without the prior written consent of the Secured Party.

Secured Party's knowledge at any time of any breach of or noncompliance with any of the foregoing covenants, representations or warranties shall not constitute a waiver by Secured Party.

Article III

1. Confirmatory of its grant of security interest in the Lease, to further secure payment of the Note, all other indebtedness secured hereby and performance of all of the terms, covenants, conditions and agreements contained herein, Debtor hereby sells, assigns and transfers to Secured Party all of its right, title, interest, estate, claim and demand in, to and under the Lease, including, without limitation, any and all rents, stipulated loss value payments, early termination payments, proceeds of the sale, re-lease or other disposition of the Equipment, amounts payable by reason of Lessee's default under the Lease or by reason of damage or loss to the Equipment, insurance loss payments, any and all other amounts due under the Lease of every kind and description, and the proceeds of the foregoing. The aforesaid assignment and transfer shall be effective and operative immediately and shall continue in full force and effect and Secured Party shall have the right to collect and receive all said rents and other payments (and all other proceeds of the Collateral) at all times during the period from and after the date of this Agreement until the indebtedness evidenced by the Note, and all other obligations secured hereby, shall be paid in full and discharged. Secured Party does not by this assignment or otherwise assume any of the obligations of Debtor or any other party under the Lease, and Secured Party shall not be responsible in any way for the performance by Debtor or any other party of the terms and conditions of the Lease. Debtor is, and shall remain, liable under the Lease to perform all the obligations assumed by it thereunder, which may be performed by Secured Party without releasing the Debtor therefrom.

2. Debtor constitutes Secured Party, its successors and assigns, Debtor's attorney, irrevocably, with full power (in the name of Debtor or otherwise) to demand, receive and give release for any and all moneys and claims for moneys due and to become due under or arising out of the Lease, to endorse any checks or other instruments or orders in connection therewith, to give all or any of the notices, consents, instructions or other communications reserved to Debtor in the Lease, and to file any claims or take any action or institute any proceedings, legal, equitable or otherwise, which Secured Party deems necessary or appropriate to create, perfect, protect and preserve the Secured Party's security interest and rights in the Collateral, all without affecting Debtor's liability in any manner.

3. Debtor agrees that at any time and from time, upon the written request of Secured Party, Debtor will promptly and duly execute and deliver any and all such further instruments and documents as Secured Party may deem desirable in obtaining the full benefit of this Security Agreement and Assignment of Lease and of the rights and powers herein granted.

4. Debtor hereby agrees to perform its obligations under the Lease, to exercise promptly and diligently every right it may have under the Lease (provided such exercise shall not be adverse to Secured Party, or inconsistent with any of the Debtor's covenants, representations or warranties made herein), to immediately notify Secured Party, or any subsequent assignee of which it has notice, of any default or alleged default by any party to the Lease, or of any termination or alleged termination thereof.

Article IV

Any of the following events shall constitute an event of default (an "Event of Default") hereunder:

1. Debtor shall fail to make payment of any part of the principal of or interest on the Note when due and such default shall not be cured within ten (10) days after the Secured Party has given notice of such default to Debtor; or

2. Debtor shall default in the due observance or performance of any term, covenant or representation contained in this Security Agreement and Assignment of Lease, or in any other document made and delivered by Debtor to Secured Party, and such default shall not be cured within fifteen (15) days after the Secured Party has given notice of such default to Debtor; or

3. Debtor shall remove, sell, transfer, assign, encumber, sublet or otherwise dispose of the Collateral or any portion thereof or attempt to do any of the foregoing without first obtaining Secured Party's prior written consent thereto; or

4. The Lessee shall be in default under the Lease or shall breach or fail to perform or observe any representation, covenant or obligation set forth in the Notice of Assignment; or

5. Debtor, any subsequent owner of the Equipment, Lessee or any guarantor of the Lease, shall cease doing business as a going concern, make an assignment for the benefit of creditors, admit in writing its inability to pay its debts as they become due, file a voluntary petition in bankruptcy, be adjudicated a bankrupt or an insolvent, file a petition seeking for itself any reorganization, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation or file an answer admitting the material allegations of a petition filed against it in any such proceeding or fail to have such petition dismissed within 60 days after filing, or consent to or acquiesce in the appointment of a trustee, receiver or liquidator of it or all or any substantial part of its assets or properties; or

6. Any certificate, statement, representation, warranty or audit contained herein or heretofore or hereafter furnished with respect hereto by or on behalf of Debtor is proven to have been incomplete, incorrect or misleading in any material respect at the time as of which the facts therein set forth were stated or certified, or having omitted any substantial contingent or unliquidated liability or claim against Debtor; or

7. If the validity or effectiveness of this Agreement, the Lease or its assignment by Debtor to the Secured Party, shall be impaired, or if the Lease shall be amended, encumbered, subordinated, terminated or discharged or if Lessee shall be released from any of its covenants or obligations under the Lease, in each case except to the extent that the same shall be caused by, or shall occur with the express prior written consent of, the Secured Party; or

8. If the Equipment is required to be insured under the terms of the Lease, there shall occur any uninsured damage to or loss, theft, or destruction of the Equipment or any portion thereof; or

9. If the Collateral or any portion thereof is seized or levied upon under legal process.

Article V

1. Upon the occurrence of an Event of Default hereunder, Secured Party may, at its option, declare this Agreement to be in default, and at any time thereafter may do any one or more of the following, all of which are hereby authorized by Debtor:

(a) By written notice to Debtor declare the entire unpaid principal and interest due under the Note, and all other sums due hereunder, immediately due and payable, without presentment, demand or protest of any kind, all of which Debtor hereby waives.

SCHEDULE A

TO SECURITY AGREEMENT AND ASSIGNMENT OF LEASE DATED JANUARY 16, 1996
between DIVERSIFIED FINANCIAL CORPORATION as Debtor
and Manufacturers Bank as Secured Party.

Lessee INDIANA HARBOR BELT RAILROAD Equipment Schedule # A

The Equipment consists of the following units of EQUIPMENT
equipment manufactured by ELECTOR-MOTIVE
DIVISION :

Quantity	Type/Model	Description	Serial No.
2	GP38-2	2,000 HP ALTERNATING DIESEL LOCOMOTIVES	R-N IHB 3801 R-N IHB 3802

Secured Party has been informed by the Debtor that the current location of the Equipment is: _____
2721 161ST STREET HAMMOND IN. 46323

Security Party's security interest shall attach to the Equipment wherever it is now or hereafter located.

19908

DONELAN, CLEARY, WOOD & MASER, P.C.

0700 935005

ATTORNEYS AND COUNSELORS AT LAW
SUITE 750
1100 NEW YORK AVENUE, N.W.
WASHINGTON, D.C. 20005-3934

OFFICE: (202) 371-9500

TELECOPIER: (202) 371-0900

January 24, 1996

New Recordation No.

RECEIVED
JAN 24 11 49 AM '96
OFFICE OF SECRETARY

Dear Mr. Williams:

On behalf of Manufacturers Bank, I submit for filing and recording under 49 U.S.C. § 11301(a) and the regulations applicable thereunder, executed counterparts of a primary document, not previously recorded, entitled Security Agreement and Assignment of Lease, ("Agreement"), dated as of JANUARY 16, 1996.

The parties to the enclosed Agreement are:

Manufacturers Bank — SECURED PARTY
1200 North Ashland Avenue
Chicago, IL 60622

Diversified Financial Corporation — DEBTOR
Suite 1603
5330 Waterbury Drive
Crestwood, IL 60445

The said Agreement, among other things, acts to create a security interest in the equipment listed in Schedule A thereto by the Debtor to the Secured Party.

The equipment covered by the instant Agreement is identified in Schedule A thereto.

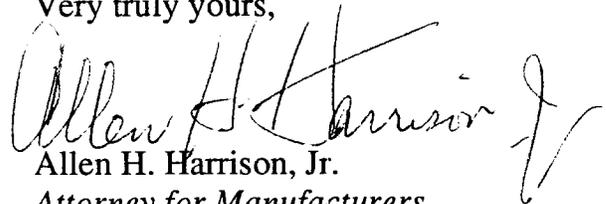
A short summary of the agreement to appear in the index established under 49 U.S.C. § 11301(b) is as follows:

"Covers two locomotives, IHB 3801
and 3802, as listed in Schedule A."

- Enclosed is a check in the amount of twenty-one dollars (\$21.00) in payment of the filing fee.

Once the filing has been made, please return to bearer the stamped counterpart(s) of the document not required for filing purposes, together with the letter/fee receipt from the Surface Transportation Board acknowledging the filing, and the two extra copies of this letter of transmittal.

Very truly yours,



Allen H. Harrison, Jr.
*Attorney for Manufacturers
Bank for the purpose of this
filing.*

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Enclosures

BY-HAND

8391-020



Interstate Commerce Commission
Washington, D.C. 20423-0001

1/24/96

Office Of The Secretary

Allen H. Harrison, Jr.
Donelan, Cleary, Wood & Messer, P.C.
1100 New York Avenue, NW., Ste. 750
Washington, DC., 20005-3934

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 1/24/96 at 12:00PM, and assigned recordation number(s). 19908.

Sincerely yours,

Vernon A. Williams
Secretary

Enclosure(s)

\$ 21.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature

(b) Institute proceedings against Debtor for the collection of all amounts due under the Note, and hereunder (except that Debtor shall not be liable on a recourse basis for the payment of the principal and interest due under the Note as set forth below).

(c) Exercise any and all rights and remedies of a secured party under the Uniform Commercial Code in effect in the State of Illinois or any other applicable State at the date of this Agreement and in addition to those rights, at its sole discretion in the event of a default under the Lease, may require Debtor (at Debtor's sole expense) to forward promptly any or all of the Equipment to Secured Party at such location as shall be reasonably required by Secured Party, or enter upon the premises where any such Equipment is located (without obligation for rent) and take immediate possession of and remove the Equipment by summary proceedings or otherwise, all without liability from Secured Party to Debtor for or by reason of such entry or taking possession, whether for the restoration of damage to property caused by taking or otherwise.

(d) Sell, lease or otherwise dispose of the Collateral at public or private sale or otherwise at such price as it may deem best, for cash, credit or otherwise, (with the right of Secured Party to purchase) and apply the proceeds:

First: To payment of all expenses and charges, including the expenses of any sale, lease or other disposition, the expenses of taking, attorneys' fees, court costs and any other expenses incurred or advances made by Secured Party in the protection of its rights or the pursuance of its remedies, and to provide adequate indemnity to Secured Party against all taxes and liens which by law have, or may have, priority over the rights of Secured Party to the monies so received by Secured Party; and

Second: To the payment to Secured Party of all unpaid principal and interest due under the Note; and

Third: To the payment to Secured Party of all other sums secured by this Agreement; and

Fourth: To the payment of any surplus thereafter remaining to Debtor or to whosoever may be entitled thereto.

(e) Secured Party may exercise any other right or remedy which may be available to it under this Agreement, the Note, or applicable law, or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach thereof or to rescind this Agreement in whole or in part. The exercise by Secured Party of any remedies set forth herein shall be subject to the unqualified right of Lessee, conditioned upon Lessee performing all of the covenants and conditions of the Lease, peaceably and quietly to hold, possess and use the Equipment during the term of the Lease subject to the terms and conditions thereof.

2. Debtor shall be and remain liable for any and all unpaid additional sums due hereunder, or under the Note, before, after or during the exercise of any of the foregoing remedies; for all reasonable legal fees and other reasonable costs and expenses incurred by reason of any default or of the exercise of Secured Party's remedies with respect thereto. No remedy referred to in this Article is intended to be exclusive, but each shall be cumulative, and shall be in addition to any other remedy referred to above or otherwise available at law or in equity. Debtor hereby waives any and all existing or future claims to any offset against the sums due hereunder or under the Note and agrees to make the payments regardless of any offset or claim which may be asserted by Debtor or on its behalf in connection with this Agreement.

3. No delay or omission by Secured Party in insisting upon the strict observance or performance of any provision of this Agreement, or to exercise any right or remedy, shall be construed as a waiver or relinquishment by Secured Party of such provision, nor shall it impair such right or remedy. Every right and remedy may be exercised by Secured Party from time to time and as often as deemed expedient.

Article VI

Miscellaneous

1. This Agreement and all other related instruments and documents and the rights and obligations of the parties hereunder and thereunder shall, in all respects, be governed by and construed in accordance with, the laws of the State of Illinois, including all matters of construction, validity and performance, regardless of the location of the Equipment and without regard to conflict of law rules.

2. All notices (excluding billings and other communications in the ordinary course of business) hereunder shall be in writing, and shall be deemed given at the time of personal delivery or on the second day after mailing if by registered or certified mail, return receipt requested, addressed to the other party at its respective address stated herein or at such other address as such party shall from time to time designate in writing to the other party.

3. This Agreement shall inure to the benefit of the Secured Party, its successors and assigns, and shall be binding upon the Debtor and its successors and assigns. This Agreement and the obligations and covenants made herein may not be assigned by Debtor.

4. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and shall not be amended or altered in any manner except by a document in writing executed by both parties.

5. All representations, warranties and covenants of Debtor contained herein or made pursuant hereto shall survive closing and continue throughout the term hereof and until all indebtedness of Debtor to Secured Party is satisfied in full.

6. Any provision of this Agreement or of any related instrument or document executed pursuant hereto which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, Debtor hereby waives any provision of law which renders any provision hereof or thereof prohibited or unenforceable in any respect.

7. It is understood and agreed that Debtor shall not be liable for the payment of any principal or interest due under the Note, such obligations being non-recourse obligations of Debtor. The foregoing sentence shall not limit, restrict or impair the right of the Secured Party to proceed against Debtor for damages (including costs and reasonable attorneys' fees) incurred by the Secured Party resulting from: (a) the breach of any covenant made by Debtor herein, or (b) any representation or warranty of Debtor contained herein being incomplete, incorrect or misleading in any material respect when made.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

DIVERSIFIED FINANCIAL CORPORATION
Debtor

By: WFBM
Title: PRESIDENT

MANUFACTURERS BANK
Secured Party

By: GEORGE S. CONTARSI
Title: Executive Vice President

7. The Equipment has been delivered, installed and accepted by the Lessee under the terms of the Lease, and it is and shall be kept at the location designated in the Lease, where Secured Party may inspect it at any reasonable time as limited by the Lease. Debtor will not remove (or permit the removal of) the Equipment from said location without the prior written consent of Secured Party, except as permitted by the Lease. Debtor shall immediately advise Secured Party of any change in the location of the Equipment and, at its expense, will prepare and file such additional UCC financing statements and other instruments deemed necessary by Secured Party to continue the priority of Secured Party's security interest therein. Notwithstanding the foregoing, Debtor agrees that the Secured Party's security interest in the Equipment granted herein by Debtor shall attach to the Equipment wherever it may now or hereafter be located. The Equipment will be kept in good repair and will not be or suffered to be wasted, misused, abused or to deteriorate, except for ordinary wear and tear, and will not be used in violation of any law, ordinance or regulation of any governmental authority insofar as it adversely affects the value of the Lease, the Equipment or the security interest granted hereunder. The Equipment is not and shall not be affixed to real estate.

8. All risk of loss, theft, damage, or destruction of the Equipment shall be borne by the Debtor. Debtor agrees that from the date hereof it will, at its expense, keep the Equipment insured against all risks of loss, theft, damage or destruction with extended coverage for not less than the greater of the indebtedness secured hereby or the Equipment's full replacement cost. The Equipment shall be insured with such carriers and in such amounts and against such risks as shall be satisfactory to Secured Party, with policies payable to both Secured Party and Debtor, as their interests may appear. All policies of insurance shall provide for thirty days' written notice of cancellation to Secured Party, and Secured Party shall be furnished with a certificate of insurance or other satisfactory evidence of compliance with the above requirements, together with a complete copy of the policies. Secured Party shall be named "mortgagee and loss payee" for the fire and extended casualty insurance and "additional insured" for public liability insurance. Debtor hereby appoints Secured Party the attorney for the Debtor in endorsing settlement drafts, assigns to Secured Party all sums which may become payable under such insurance, including return premiums and dividends, as additional security for the indebtedness secured hereby, and directs the insurers to pay the Secured Party any amounts so due. If requested, Debtor shall also provide Secured Party with a Lender's Loss Payable Endorsement.

9. Debtor will pay or cause to be paid when due all taxes and assessments upon the Collateral or its operation or use.

10. At its option, and without any obligation to do so, Secured Party may discharge or pay any taxes, liens, security interests, or other encumbrances at any time levied or placed on or against the Collateral or Debtor in breach of this Agreement, and may pay for insurance on the Collateral (but only to the extent such insurance is required to be maintained by Lessee pursuant to the Lease) and may pay for its maintenance and preservation. Debtor agrees to reimburse Secured Party on demand for any such payment made, or expense incurred, pursuant to the foregoing authorizations. All payments made by Secured Party under this paragraph shall be deemed additional indebtedness secured by the Collateral pursuant to the terms hereof and shall bear interest at the interest rate specified in the Note from the date incurred to the date of payment.

11. Debtor will not cause the Collateral, or any portion thereof, to be sold, transferred, assigned, encumbered, modified (except for modification to the extent permitted in the Lease) or disposed of, without the prior written consent of Secured Party.

12. Debtor shall execute from time to time, alone or with Secured Party, any UCC Financing Statements or other documents and do such other acts considered by Secured Party to be reasonably necessary or desirable to perfect or protect the security interests hereby created, and pay all costs and expenses (including, without limitation, reasonable fees and expenses of counsel and filing fees) related to the preparation and filing of any financing statements, continuation statements or other documents related to the perfection or protection of the security interests hereby created. Debtor hereby authorizes Secured Party as Debtor's Agent and attorney in fact to execute and file in any appropriate office UCC Financing Statements and similar instruments signed by Secured Party alone to perfect, protect, maintain or enforce its security interest in the Collateral. Debtor and Secured Party agree that a photocopy of a UCC financing statement or of this Security Agreement may be filed as a financing statement.

13. Debtor will promptly pay Secured Party for any and all sums, costs, and expenses which Secured Party may pay or incur in defending, protecting or enforcing the security interest granted herein or in enforcing payment of the indebtedness and obligations secured hereby, including, but not limited to, all court costs, and reasonable attorneys' fees all of which, together with interest calculated at the rate specified in the Note, shall be part of the obligations of the Debtor hereunder.

14. Debtor has delivered to Secured Party the original Lease assigned hereunder marked "_____ " (and a certified true and complete copy of the Master Lease and all amendments and modifications thereto), that said original Lease is the sole and exclusive Lease counterpart deemed "chattel paper" under the Uniform Commercial Code, and that all other counterparts of the Lease in existence are marked on their faces and signature pages to indicate that they do not constitute "chattel paper"

15. Neither Debtor nor Lessee is in default under the Lease. Lessee has no defenses, set-offs or counterclaims under the Lease against Debtor as lessor, or any other party.

16. There are no agreements, undertakings or other documents relating to the Lease which are not contained in the Lease which have not been previously furnished to Secured Party.

17. Debtor's chief executive office and principal place of business are located at its address listed above. Debtor shall not change its name or the location of its chief executive office or principal place of business except upon thirty (30) days' prior written notice to Secured Party. In the event of such change, Debtor, at its expense, shall prepare and file such additional UCC financing statements and other instruments deemed necessary by Secured Party to continue the priority of Secured Party's security interest in the Collateral. Debtor has not changed its corporate name nor operated under any trade name or other name within the previous five years.

18. Debtor has not sold, or contracted to sell, any equity interest in the Equipment or any other part of the Collateral

19. Debtor will not declare a default under or exercise any remedies under the Lease or enter into or permit any cancellation, termination, amendment, supplement or modification of or waiver with respect to the Lease or give any consent or approval as to any matter arising out of the Lease, and any such attempted declaration, exercise, cancellation, termination, amendment, supplement, modification, waiver, consent or approval shall be void and of no effect unless the Debtor shall have received the prior written consent thereto from the Secured Party.

20. Debtor shall furnish Secured Party, promptly after receipt thereof by Debtor, all financial statements and/or notices received by Debtor from Lessee.

21. That the warranties and representations contained in the Lease are true and correct as of the date of execution and remain true and correct as of the date hereof; that the Lease is genuine and enforceable and is and will continue free from defenses, set-offs and counterclaims; that all signatures, names, addresses, amounts and other statements and facts contained therein are true and correct; that the aggregate unpaid rentals disclosed in the notice of assignment letter dated _____, 199____ executed by Lessee (the "Notice of Assignment") is correct; that all of the Equipment has been delivered to Lessee and has been unconditionally