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# First National Bank

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OFFICE OF SECRETARY

January 18, 1996

Certified Mail #P275895974

Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

Dear Secretary:

I have enclosed an original and one counterpart of the document(s) described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

The documents are a Security Agreement and Assignment of Lease and are primary documents dated January 18, 1996

We request that this assignment be cross indexed with Southwest Pennsylvania Railroad Company.

The name and addresses of the parties to the documents are as follows:

- Mortgagor - Trimax Holdings, Inc., P.O. Box 665, Sanbornville, NH 03872
- Mortgagee - First National Bank of Portsmouth, 488 Central Avenue, P.O. Box 609, Dover, NH 03821-0609
- Other parties - Lessee - Southwest Pennsylvania Railroad Company, P.O. Box 565, New Stanton, PA 15672

A description of the equipment covered by the document follows:

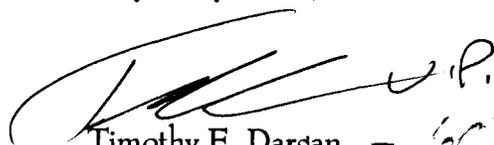
First lien on one (1) 1800 HP EMD GP-16 Locomotive bearing the number #1706.

A fee of \$21.00 is enclosed. Please return the original and any extra copies not needed by the Interstate Commerce Commission for recordation to: First National Bank of Portsmouth, 488 Central Avenue, Post Office Box 609, Dover, NH 03821-0609.

Page 2 of 2  
Trimax Holdings, Inc.  
January 18, 1996

A short summary of the document to appear in the index follows: Security Agreement between First National Bank of Portsmouth, 488 Central Avenue, P.O. Box 609, Dover, NH 03821-0609 and Trimax Holdings, Inc., P.O. Box 665, Sanbornville, NH 03872 dated January 18, 1996 and covering equipment first lien on one (1) 1800 HP EMD GP-16 Locomotive bearing the number #1706.

Very Truly Yours,

 J.P.  
Timothy F. Dargan - 603-743-0140 - (direct)  
Vice President  
603-743-0123

TFD/kaw

Enclosure



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

1/30/96

Office Of The Secretary

Timothy F. Dargan  
Vice President  
First National Bank  
488 Central Avenue  
P. O. Box 609  
Dover, NH 03821-0609

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 1/30/96 at 12:20PM , and assigned recordation number(s). 19916

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

# COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call	Collateral	Account	Officer	Initials
\$51,000.00	01-18-1996	01-18-1999	09400196	3	740		TFD	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

**Borrower:** TRIMAX HOLDINGS, INC.  
P.O. BOX 665  
SANBORNVILLE, NH 03872

**Lender:** First National Bank of Portsmouth  
488 Central Avenue  
Dover, NH 03820

169/6  
1300-0000 PM

**THIS COMMERCIAL SECURITY AGREEMENT** is entered into between TRIMAX HOLDINGS, INC. (referred to below as "Grantor"); and First National Bank of Portsmouth (referred to below as "Lender"). For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

**DEFINITIONS.** The following words shall have the following meanings when used in this Agreement. Terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

**Agreement.** The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

**Collateral.** The word "Collateral" means the following described property of Grantor, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

**FIRST LIEN ON 1,800 HP EMD GP-16 LOCOMOTIVE BEARING THE NUMBER 1706**

In addition, the word "Collateral" includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (a) All attachments, accessions, accessories, tools, parts, supplies, increases, and additions to and all replacements of and substitutions for any property described above.
- (b) All products and produce of any of the property described in this Collateral section.
- (c) All accounts, contract rights, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, or other disposition of any of the property described in this Collateral section.
- (d) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section.
- (e) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

**Event of Default.** The words "Event of Default" mean and include without limitation any of the Events of Default set forth below in the section titled "Events of Default."

**Grantor.** The word "Grantor" means TRIMAX HOLDINGS, INC., its successors and assigns

**Guarantor.** The word "Guarantor" means and includes without limitation each and all of the guarantors, sureties, and accommodation parties in connection with the Indebtedness.

**Indebtedness.** The word "Indebtedness" means the indebtedness evidenced by the Note, including all principal and interest, together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

**Lender.** The word "Lender" means First National Bank of Portsmouth, its successors and assigns.

**Note.** The word "Note" means the note or credit agreement dated January 18, 1996, in the principal amount of \$51,000.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of and substitutions for the note or credit agreement.

**Related Documents.** The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

**RIGHT OF SETOFF.** Grantor hereby grants Lender a contractual possessory security interest in and hereby assigns, conveys, delivers, pledges, and transfers all of Grantor's right, title and interest in and to Grantor's accounts with Lender (whether checking, savings, or some other account), including all accounts held jointly with someone else and all accounts Grantor may open in the future, excluding however all IRA, Keogh, and trust accounts. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all Indebtedness against any and all such accounts.

**OBLIGATIONS OF GRANTOR.** Grantor warrants and covenants to Lender as follows:

**Perfection of Security Interest.** Grantor agrees to execute such financing statements and to take whatever other actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper if not delivered to Lender for possession by Lender. Grantor hereby appoints Lender as its irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect or to continue the security interest granted in this Agreement. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral. Grantor promptly will notify Lender before any change in Grantor's name including any change to the assumed business names of Grantor.

**No Violation.** The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its certificate or articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.

**Enforceability of Collateral.** To the extent the Collateral consists of accounts, chattel paper, or general intangibles, the Collateral is enforceable in accordance with its terms, is genuine, and complies with applicable laws concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be

CONDITIONAL ASSIGNMENT OF LEASES AND RENTS

- I. Date of this instrument:
- II. The "Assignor": Trimax Holdings, Inc. P.O. Box 665,  
Sanbornvill, NH 03872
- III. The "Assignee": First National Bank of Portsmouth, 325 State  
Street, Portsmouth, NH 03801
- IV. Leases assigned by this instrument: All leases now existing or  
hereafter arising pertaining to one (1) 1800 HP EMD GP-16  
locomotive bearing the number 1706 (hereafter "Premises") now  
leased to Southwest Pennsylvania Railroad Company.
- The term "leases", as used in this instrument, includes the  
above described lease(s) and all rental agreements of every kind  
now existing or hereafter arising with respect to all or any  
portion of the Premises.
- V. The Promissory Note secured by this instrument is as follows:
- VI. Special Provisions (if any):
- None

The above named Assignor for good and valuable consideration, receipt of which is hereby acknowledged, hereby grants, transfers, and assigns to the Assignee all of the Assignor's interests, as lessor, in and to all of the leases. This Assignment includes all rent, income, and profits arising from the leases and any renewals thereof and all rents, income and profits for the use and occupation of the Premises or any portion thereof and from all other leases or other agreements with respect to the Premises or any portion thereof which may have heretofore been executed or which may be executed or entered into in the future during the term of this agreement.

This Assignment is made for the purpose of securing the following liabilities (herein called the "Obligations"):

(a) The full payment and performance of all obligations and liabilities under the Note described in Item V above, plus interest and all other charges, including any extensions, renewals, replacements or modifications of said Note;

(b) The full and faithful performance and payment of all obligations and liabilities set forth in this Conditional Assignment and in all other security agreements and mortgages securing the Note mentioned in the preceding subparagraph (a); and

(c) The faithful payment and performance of each and every obligation and liability of the Assignor to the Assignee now existing or hereafter arising, direct or indirect, absolute or contingent.

The Assignor warrants to the Assignee that Assignor is the sole owner of the entire lessor's interest in the leases and that no rent reserved in said leases has been otherwise assigned or anticipated and that Assignor will not collect in advance or anticipate any rent for any period after the date of this Assignment (except for security deposits taken in the ordinary course of business).

The Assignor covenants with the Assignee to observe and perform all the obligations imposed upon the lessor under every such lease and not to do or permit to be done anything to impair the security thereof; not to execute any other assignment of lessor's interest in said leases or assignment of rents arising or accruing from said leases or from the Premises; not to alter, modify, or change the terms of said leases or cancel or terminate the same or accept a surrender or assignment or subletting thereof without the prior written consent of the Assignee; at the Assignee's request to assign and transfer to the Assignee any and all subsequent leases upon all or any part of the Premises and to execute and deliver at the request of the Assignee all such further assurances and assignments in the Premises as the Assignee shall from time to time require.

This Assignment shall be binding upon the heirs, successors and assigns of Assignor.

This Assignment is made on the following terms, covenants, and conditions:

1. So long as there shall exist no default by the Assignor in the payment of the principal sum, interest, and indebtedness secured hereby or in the performance of any obligation, covenant or agreement herein or in the note, or in any mortgage, or security agreement securing this obligation or in the payment or performance of any prior mortgage or security agreement on the Premises, or in said leases contained and on the part of the Assignor to be performed, the Assignor shall have the right to collect at the time of, but not prior to, the date provided for the payment thereof, all rents, income, and profits arising under said leases or from the premises described therein and to retain, use, and enjoy the same.

2. Upon or at any time after default in the payment of the principal sum, interest and indebtedness secured hereby and by the mortgage, or upon default in the performance of any other obligation, covenant or agreement herein or in the note, the security agreement, the mortgage or said leases contained and on the part of the Assignor to be performed, and the continuance of any such default for a period beyond any applicable grace period, the Assignee, without in any way waiving such default, may at its option, without notice, and without regard to the adequacy of the security for the said principal sum, interest and indebtedness secured hereby and by the mortgage, either in person or by agent, with or without bringing any action or proceedings, or by a receiver appointed by a court, take possession of the Premises and have, hold, manage, lease, and operate the same on such terms and for such period of time as the Assignee may deem proper and, either with or without taking possession of the Premises in its own name, sue for or otherwise collect and receive all rents, income and profits or the Premises, including those past due and unpaid, with full power to make from time to time all alterations, renovations, repairs, and replacements thereto or thereof as may seem proper to the Assignee, and to apply such rents, income, and profits to the payment of:

(a) All expense of managing the Premises including, without being limited thereto, the salaries, fees, and wages of a managing agent and such other employees as the Assignee may deem necessary or desirable and all expenses of operating and maintaining the Premises, including, without being limited thereto, all taxes, charges, claims, assessments, water rents, which the Assignee may deem necessary or desirable, the payment or refund of security deposits, or interest thereon, and the cost of all alterations, renovations, repairs or replacements, and all expenses incident to taking and retaining possession of the Premises; and

(b) All sums which the Assignor is responsible to pay under the mortgage, and the principal sum, interest and indebtedness secured hereby and by the mortgage, and the security agreement, together with all costs and attorneys' fees, in such order of priority as to any of the items mentioned in this Paragraph 2, as the Assignee in its sole discretion may determine, any statute, law, custom or use to the contrary notwithstanding. The exercise by the Assignee of the option granted it in this Paragraph 2 and the collection of the rents, income, and profits and the application thereof as herein provided shall not be considered a waiver by the Assignee of any default under the note, the mortgage, the security agreement or under said lease(s) or this Conditional Assignment.

3. The affidavit, certificate, letter or statement of any officer, agent or attorney of the Assignee made in good faith showing any part of said principal, interest or indebtedness to remain unpaid shall be constitute conclusive evidence of the validity, effectiveness and continuing force of this Conditional Assignment and any person may, and is hereby authorized to, rely thereon. The Assignor hereby authorizes and directs the lessees named in said lease(s) or any other or future lessees or occupants of the Premises, upon receipt from the Assignee of written notice to the effect that the Assignee is then the holder of the note, and the mortgage and that a default exists thereunder, to pay over to the Assignee all rents, income and profits arising or accruing under said lease(s) or from the Premises and to continue so to do until otherwise notified by the Assignee.

4. Nothing contained in this Conditional Assignment and no act done or omitted by the Assignee pursuant to the powers and rights granted it hereunder shall be deemed to be a waiver by the Assignee of its rights and remedies under any one or more of the note, the mortgage and the security agreement and this Conditional Assignment is made and accepted without prejudice to any of the rights and remedies possessed by the Assignee under the terms of the Note, the mortgage and the security agreement. The right of the Assignee to collect said principal sum, interest and indebtedness and to enforce any other security therefor held by it may be exercised by the Assignee either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

5. The Assignee shall not be liable for any loss, sustained by the Assignor resulting from the Assignee's failure to let the Premises after default or from any other act or omission of the Assignee in managing the Premises after default unless such loss is caused by the willful misconduct and bad faith of the Assignee. Nor shall the Assignee be obligated to perform or discharge nor does the Assignee hereby undertake to perform or discharge any obligation, duty or liability under said lease(s) or under or by reason of this Conditional Assignment, and the Assignor shall, and does hereby agree to indemnify the Assignee for, and to hold the Assignee harmless from, any and all liability, loss or damage which may or might be incurred under or by reason of this Assignment and from any and all claims and demands whatsoever which may be asserted against the Assignee by reason of any alleged obligations or undertaking on its part to perform or discharge any of the terms, covenants or agreements contained in said lease(s). Should the Assignee incur any such liability under said lease(s) or under or by reason of this Conditional Assignment or in defense of any such claims or demands, the amount thereof, including, costs, expenses and reasonable attorney's fees shall be secured hereby and the Assignor shall reimburse the Assignee therefor immediately upon demand and upon the failure of the Assignor so to do, the Assignee may, at it option,

declare all sums secured hereby immediately due and payable. And it is further understood that this Conditional Assignment shall not operate to place responsibility for the control, care, management or repair of said Premises upon the Assignee, nor for the carrying out of any of the terms and conditions of said leases; nor shall it operate to make the Assignee responsible or liable for any waste committed on the Premises by tenants or any other parties, or for any dangerous or defective condition of the Premises, or for the negligence in the management, upkeep, repair or control of said Premises resulting in loss or injury or death to any tenant, licensee, employee or stranger.

TRIMAX HOLDINGS, INC.

Jacqueline E. Perreault  
Witness

Russell A. Peterson, President  
BY: Russell A. Peterson, President  
ITS: Assignor

THE FIRST NATIONAL BANK OF  
PORTSMOUTH

Jacqueline E. Perreault  
Witness

Timothy F. Dargan  
BY: Timothy F. Dargan  
ITS: Vice President

State of New Hampshire  
Strafford, SS.

January 18, , 1996

The foregoing instrument was acknowledged before me this 18th day of January, 1996 by Russell A. Peterson, Individually and duly authorized on behalf of Trimax Holdings, Inc.

Jacqueline E. Perreault  
~~Notary Public/Justice of the Peace~~  
JACQUELINE E. PERREULT, Notary Public  
My commission expires April 19, 2000

The foregoing instrument was acknowledged before me this 18th day of January, 1996 by Timothy F. Dargan Individually and duly authorized on behalf of First National Bank of Portsmouth

Jacqueline E. Perreault  
~~Notary Public/Justice of the Peace~~  
JACQUELINE E. PERREULT, Notary Public  
My commission expires April 19, 2000



# First National Bank

0106950014

19916-N12W

OFFICE OF SECRETARY

JAN 30 12 15 PM '96

RECEIVED

January 18, 1996

Certified Mail #P275895974

Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

Dear Secretary:

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Other parties - Lessee - Southwest Pennsylvania Railroad Company, P.O. Box 565, New Stanton, PA 15672

A description of the equipment covered by the document follows:

First lien on one (1) 1800 HP EMD GP-16 Locomotive bearing the number #1706.

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Page 2 of 2  
Trimax Holdings, Inc.  
January 18, 1996

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Very Truly Yours,

  
Timothy F. Dargan - 603-743-0140 - (direct)  
Vice President  
603-743-0123

TFD/kaw

Enclosure

# COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call	Collateral	Account	Officer	Initials
\$51,000.00	01-18-1996	01-18-1999	09400196	3	740		TFD	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

**Borrower:** TRIMAX HOLDINGS, INC.  
P.O. BOX 665  
SANBORNVILLE, NH 03872

**Lender:** First National Bank of Portsmouth  
488 Central Avenue  
Dover, NH 03820

16916  
12:16 PM

**THIS COMMERCIAL SECURITY AGREEMENT** is entered into between TRIMAX HOLDINGS, INC. (referred to below as "Grantor"); and First National Bank of Portsmouth (referred to below as "Lender"). For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

**DEFINITIONS.** The following words shall have the following meanings when used in this Agreement. Terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

**Agreement.** The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

**Collateral.** The word "Collateral" means the following described property of Grantor, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

**FIRST LIEN ON 1,800 HP EMD GP-16 LOCOMOTIVE BEARING THE NUMBER 1706**

In addition, the word "Collateral" includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (a) All attachments, accessions, accessories, tools, parts, supplies, increases, and additions to and all replacements of and substitutions for any property described above.
- (b) All products and produce of any of the property described in this Collateral section.
- (c) All accounts, contract rights, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, or other disposition of any of the property described in this Collateral section.
- (d) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section.
- (e) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

**Event of Default.** The words "Event of Default" mean and include without limitation any of the Events of Default set forth below in the section titled "Events of Default."

**Grantor.** The word "Grantor" means TRIMAX HOLDINGS, INC., its successors and assigns

**Guarantor.** The word "Guarantor" means and includes without limitation each and all of the guarantors, sureties, and accommodation parties in connection with the Indebtedness.

**Indebtedness.** The word "Indebtedness" means the indebtedness evidenced by the Note, including all principal and interest, together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

**Lender.** The word "Lender" means First National Bank of Portsmouth, its successors and assigns.

**Note.** The word "Note" means the note or credit agreement dated January 18, 1996, in the principal amount of \$51,000.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of and substitutions for the note or credit agreement.

**Related Documents.** The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

**RIGHT OF SETOFF.** Grantor hereby grants Lender a contractual possessory security interest in and hereby assigns, conveys, delivers, pledges, and transfers all of Grantor's right, title and interest in and to Grantor's accounts with Lender (whether checking, savings, or some other account), including all accounts held jointly with someone else and all accounts Grantor may open in the future, excluding however all IRA, Keogh, and trust accounts. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all Indebtedness against any and all such accounts.

**OBLIGATIONS OF GRANTOR.** Grantor warrants and covenants to Lender as follows:

**Perfection of Security Interest.** Grantor agrees to execute such financing statements and to take whatever other actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper if not delivered to Lender for possession by Lender. Grantor hereby appoints Lender as its irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect or to continue the security interest granted in this Agreement. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral. Grantor promptly will notify Lender before any change in Grantor's name including any change to the assumed business names of Grantor.

**No Violation.** The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its certificate or articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.

**Enforceability of Collateral.** To the extent the Collateral consists of accounts, chattel paper, or general intangibles, the Collateral is enforceable in accordance with its terms, is genuine, and complies with applicable laws concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be

thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the indebtedness.

**Insurance Reserves.** Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by G

**Insurance Reports.** Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured; (e) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (f) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

**GRANTOR'S RIGHT TO POSSESSION.** Until default, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the indebtedness.

**EXPENDITURES BY LENDER.** If not discharged or paid when due, Lender may (but shall not be obligated to) discharge or pay any amounts required to be discharged or paid by Grantor under this Agreement, including without limitation all taxes, liens, security interests, encumbrances, and other claims, at any time levied or placed on the Collateral. Lender also may (but shall not be obligated to) pay all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses shall become a part of the indebtedness and, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (i) the term of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon the occurrence of an Event of Default.

**EVENTS OF DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Default on Indebtedness.** Failure of Grantor to make any payment when due on the indebtedness.

**Other Defaults.** Failure of Grantor to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or in any other agreement between Lender and Grantor.

**Insolvency.** The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against the Collateral or any other collateral securing the indebtedness. This includes a garnishment of any of Grantor's deposit accounts with Lender.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or such Guarantor dies or becomes incompetent.

**Adverse Change.** A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

**Insecurity.** Lender, in good faith, deems itself insecure.

**RIGHTS AND REMEDIES ON DEFAULT.** If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the New Hampshire Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

**Accelerate Indebtedness.** Lender may declare the entire indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice.

**Assemble Collateral.** Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

**Sell the Collateral.** Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in its own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor reasonable notice of the time after which any private sale or any other intended disposition of the Collateral is to be made. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of relaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

**Appoint Receiver.** To the extent permitted by applicable law, Lender shall have the following rights and remedies regarding the appointment of a receiver: (a) Lender may have a receiver appointed as a matter of right, (b) the receiver may be an employee of Lender and may serve without bond, and (c) all fees of the receiver and his or her attorney shall become part of the indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT, AND GRANTOR AGREES TO ITS TERMS. THIS AGREEMENT IS DATED JANUARY 18, 1996.

GRANTOR:

TRIMAX HOLDINGS, INC.

By: Russell A. Peterson President  
RUSSELL A. PETERSON, PRESIDENT

ATTEST:

\_\_\_\_\_  
Secretary or Assistant Secretary

( Corporate Seal )

LENDER:

First National Bank of Portsmouth

By: [Signature]  
Authorized Officer