

3-253A019

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(313) 223-3108

SEP 10 1993 - 3 15 PM

September 2, 1993  
INTERSTATE COMMERCE COMMISSION

RECEIVED  
OFFICE OF THE SECRETARY  
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SEP 10 1993 3 08 PM '93  
LICENSING BRANCH  
BLOOMFIELD HILLS, MI  
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WASHINGTON, D.C.  
CHICAGO, ILLINOIS  
WARSAW, POLAND

Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

CERTIFIED MAIL  
Return Receipt  
Requested

Re: Documents for Recordation

Dear Secretary:

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

This document is a Security Agreement, a primary document, dated as of September 1, 1993.

The names and addresses of the parties to the document are as follows:

Debtor/Mortgagor: Ann Arbor Acquisition Corporation  
d/b/a Ann Arbor Railroad  
121 S. Walnut Street  
Howell, Michigan 48844  
Attention: President

Secured Party/  
Mortgagee: NBD Bank, N.A.  
125 South Main Street  
Ann Arbor, Michigan 48104  
Attention: Gilda Johnson

A description of the equipment covered by the document follows: locomotive engines bearing serial numbers 35400, 35431 and 35420. Included in the property covered by the aforesaid Security Agreement are engines intended for use related to interstate commerce, or interests therein, owned by Ann Arbor Acquisition Corporation at the date of said mortgage or locomotive engines thereafter acquired by it or its successors as owners of such locomotive engines with the proceeds of loans made pursuant to a Credit Agreement dated as of September 1, 1993 with NBD Bank, N.A.

Secretary, ICC  
September 2, 1993  
Page 2.

DICKINSON, WRIGHT, MOON, VAN DUSEN & FREEMAN

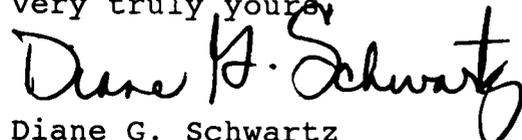
A fee of \$16 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to:

Diane G. Schwartz  
Dickinson, Wright, Moon,  
Van Dusen & Freeman  
One Detroit Center  
500 Woodward Ave., Suite 4000  
Detroit, Michigan 48226

A short summary of the document to appear in the index follows:

Security Agreement by Ann Arbor Railroad, 121 S. Walnut Street, Howell, Michigan 48844, Attention: President in favor of NBD Bank, N.A., 125 South Main Street, Ann Arbor, Michigan 48104, Attention: Gilda Johnson, and covering all engines of Ann Arbor Railroad now owned or any engines and/or locomotives hereafter acquired with the proceeds of loans made pursuant to a Credit Agreement dated as of September 1, 1993, including those locomotive engines bearing serial numbers 35400, 35431, and 35420.

Very truly yours,



Diane G. Schwartz  
Attorney for NBD Bank, N.A.

DGS/mrw

Enclosures

DGS/00007/2456/JC5

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

9/14/93

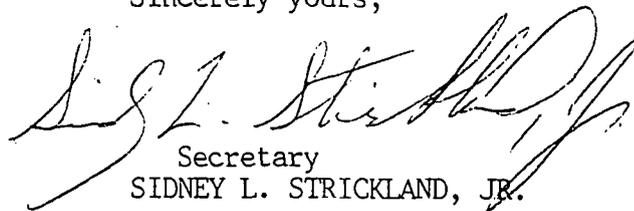
OFFICE OF THE SECRETARY

**Diane G. Schwartz**  
**Dickinson Wright Moon**  
**Van Dusen & Freeman**  
**One Detroit Center**  
**500 Woodward Ave. Suite 4000**  
**Detroit, Michigan 48226**

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 **9/10/93** at **3:15pm**, and assigned recordation number(s). **18393**

Sincerely yours,

  
Secretary  
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

18393

RECORDED TO FILED

SEP 10 1993 - 3 15 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of September 1, 1993 (this "Security Agreement"), by ANN ARBOR ACQUISITION CORPORATION, a Michigan corporation (the "Company"), in favor of NBD BANK, N.A., a national banking association (the "Bank").

WITNESSETH:

WHEREAS, the Company has entered into a Credit Agreement, dated as of September 1, 1993, (the "Credit Agreement"), with the Bank pursuant to which the Bank may make Loans (as therein defined) and issue Letters of Credit (as therein defined) to the Company; and

WHEREAS, as a condition to the effectiveness of the obligations of the Bank under the Credit Agreement, the Company is required, among other things, to grant to the Bank a first-priority security interest in and to the Collateral hereinafter described;

NOW, THEREFORE, to secure (a) the payment of Term Loan I made pursuant to the Credit Agreement in the principal amount of Three Million Four Hundred Thousand Dollars (\$3,400,000), together with interest thereon in, accordance with the terms of the Credit Agreement, (b) the payment of the Revolving Credit Loans, which are convertible into Term Loan II, made pursuant to the Credit Agreement in the principal amount not to exceed Five Million Dollars (\$5,000,000), together with interest thereon, in accordance with the terms of the Credit Agreement, (c) the payment of Authorization I Loans made pursuant to the Credit Agreement in the principal amount not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000), together with interest thereon, in accordance with the terms of the Credit Agreement, (d) the payment of Authorization II Loans made pursuant to the Credit Agreement in the principal amount not to exceed Two Hundred Fifty Thousand Dollars (\$250,000), together with interest thereon, in accordance with the terms of the Credit Agreement, (e) the payment and fulfillment of all reimbursement and other obligations of the Company in connection with each Letter of Credit issued by the Bank for the account of the Company, (f) the performance of the covenants herein contained and any monies expended by the Bank in connection therewith, (g) the payment of all obligations and performance of all covenants of the Company under the Credit Agreement, the Mortgage and any other documents, agreements or instruments between the Company and the Bank given in connection therewith, and (h) any and all other indebtedness, obligations and liabilities of any kind of the Company to the Bank, now or hereafter existing, direct or indirect (including without limitation any participation interest acquired by the Bank in any such indebtedness, obligations or liabilities of the Company to any other person), absolute or contingent, joint and/or several, secured or unsecured, arising by operation of law or otherwise, and whether incurred by the Company as principal, surety, endorser, guarantor, accommodation party or

otherwise (all of the aforesaid indebtedness, obligations and liabilities of the Company being herein called the "Secured Obligations", and all of the documents, agreements and instruments between the Company and the Bank evidencing or securing the repayment of, or otherwise pertaining to the Secured Obligations being herein collectively called the "Operative Documents"), for value received and pursuant to the Credit Agreement, the Company hereby grants, assigns and transfers to the Bank a first-priority security interest in and to the following described property whether now owned or existing or hereafter acquired or arising and wherever located (all of which is herein collectively called the "Collateral"):

(a) All of the Company's present and future accounts, documents, instruments, general intangibles and chattel paper, including, but without limitation, all contract rights, all accounts receivable, all deposit accounts and all monies and claims for money due or to become due to the Company;

(b) All of the Company's furniture, fixtures (other than fixtures of the Company affixed to the real property of the Company known as the "Temperance Yard" located in Toledo, Ohio, the real property known as the "Ferry Yard" located in Ann Arbor, Michigan and the real property located in Howell, Michigan), machinery and equipment, whether now owned or hereafter acquired, and wherever located, and whether used by the Company or any other person, or leased by the Company to any person and whether the interest of Company is as owner, lessee or otherwise, including, without limitation, those certain locomotive engines bearing the following serial numbers: 35400, 35431 and 35420 and all spare parts and equipment relating thereto;

(c) All of the Company's inventory of every type, wherever located, including but not limited to raw materials, work in process, finished goods and all inventory that is available for leasing or leased to others by the Company;

(d) All other assets of the Company (whether tangible or intangible), including but not limited to all patents, trademarks, industrial designs, masks, trade names, copyrights, franchises, licenses and permits, and the good will associated therewith and all federal and state applications and registrations therefor;

(e) All books, records, files, correspondence, computer programs, tapes, disks, cards, accounting information and other data of the Company related in any way to the Collateral described in clauses (a), (b), (c) and (d) above, including but not limited to any of the foregoing necessary to administer, sell or dispose of any of the Collateral;

(f) All substitutions and replacements for, and all additions and accessions to, any and all of the foregoing; and

(g) All products and all proceeds of any and all of the foregoing, and, to the extent not otherwise included, all payments under insurance (whether or not the Bank is the loss payee thereof), and any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing.

1. Representations, Warranties, Covenants and Agreements. The Company further represents, warrants, covenants, and agrees with the Bank as follows:

(a) Ownership of Collateral; Security Interest Priority At the time any Collateral becomes subject to a security interest of the Bank hereunder, unless the Bank shall otherwise consent, the Company shall be deemed to have represented and warranted that (i) the Company is the lawful owner of such Collateral and has the right and authority to subject the same to the security interest of the Bank; (ii) other than Permitted Liens, none of the Collateral is subject to any Lien other than that in favor of the Bank and there is no effective financing statement covering any of the Collateral on file in any public office, other than in favor of the Bank. This Security Agreement creates in favor of the Bank a valid and perfected first-priority security interest in the Collateral enforceable against the Company and all third parties and securing the payment of the Secured Obligations and all filings and other actions necessary or desirable to create, preserve or perfect such security interests have been duly taken.

(b) Location of Offices, Records and Facilities. The Company's chief executive office and chief place of business and the office where the Company keeps its records concerning its accounts, contract rights, chattel papers, instruments, general intangibles and other obligations arising out of or in connection with the sale or lease of goods or the rendering of services or otherwise ("Receivables"), and all originals of all leases and other chattel paper which evidence Receivables, are located at 121 S. Walnut Street, City of Howell, County of Livingston, State of Michigan. The Company will provide the Bank with prior written notice of any proposed change in the location of its chief executive office and will not change the location of its chief executive office without the prior written notice to the Bank; provided, however, the Bank's prior written consent shall be required in the event the Company proposes to relocate its chief executive office outside of the United States. The Company's only other offices and facilities are at the locations set forth in Schedule 1(b) hereto. The Company will provide the Bank with prior written notice of any change in the locations of its other offices and the facilities. The tax identification number of the Company is 38-276391. The name of the Company is Ann Arbor Acquisition Corporation, and the Company operates under no other names except for Ann Arbor Railroad. The Company shall not change its name without the prior written notice to the Bank.

(c) Location of Inventory, Fixtures, Machinery and Equipment. (i) All Collateral consisting of inventory, machinery and equipment (other than inventory, machinery and equipment which is mobile) is and will be located at the locations listed on Schedule 1(c)(i) hereto, and at no other locations without the prior written consent of the Bank. If such Collateral is kept at leased locations or warehoused, the Company has obtained appropriate landlord's lien waivers or appropriate warehousemen's notices have been sent, each satisfactory to the Bank, unless waived by the Bank.

(ii) Certain of the Collateral consisting of inventory, machinery and equipment is, and will be goods which are mobile and which are of the type normally used in more than one jurisdiction and are not covered by a certificate of title.

(d) Liens, Etc. The Company will keep the Collateral free at all times from any and all liens, security interests or encumbrances other than Permitted Liens and those consented to in writing by the Bank. The Company will not, without the prior written consent of the Bank, sell or lease, or permit or suffer to be sold or leased, any of the Collateral except inventory which is sold or, subject to the Bank's security interest therein, is leased in the ordinary course of the Company's business, or as otherwise expressly permitted under the Credit Agreement. The Bank or its attorneys may at any and all reasonable times inspect the Collateral and for such purpose may enter upon any and all premises where the Collateral is or might be kept or located.

(e) Insurance. The Company shall keep the Collateral consisting of furniture, fixtures, machinery, equipment and inventory insured at all times against loss by theft, fire and other casualties. Said insurance shall be issued by a company satisfactory to the Bank and shall be in amounts sufficient to protect the Bank against any and all loss or damage to the Collateral. The policy or policies which evidence said insurance shall be delivered to the Bank upon request, shall contain a loss payable clause in favor of the Bank, shall name the Bank as an additional insured, as its interest may appear, shall not permit amendment, cancellation or termination without giving the Bank at least 30 days prior written notice thereof, and shall otherwise be in form and substance satisfactory to the Bank. Reimbursement under any liability insurance maintained by the Company pursuant to this paragraph 1(e) may be paid directly to the person who shall have incurred liability covered by such insurance. In case of any loss involving loss to such Collateral when the next succeeding sentence is not applicable, the Company shall make or cause to be made the necessary repairs to or replacements of such Collateral and any proceeds of insurance maintained by the Company pursuant to this paragraph 1(e) shall be paid to the Company as reimbursement for the costs of such repairs or replacements. Upon the occurrence and during the continuance of an Event of Default or the actual or constructive total loss of any such Collateral, all insurance payments in respect of such Collateral shall be paid to and applied by the Bank as specified in paragraph 3.

(f) Taxes, Etc. The Company will pay promptly, and within the time that they can be paid without interest or penalty, any taxes, assessments and similar imposts and charges, not being contested in good faith, which are now or hereafter may become a lien, charge or encumbrance upon any of the Collateral. If the Company fails to pay any such taxes, assessments or other imposts or charges in accordance with this Section, the Bank shall have the option to do so and the Company agrees to repay forthwith all amounts so expended by the Bank with interest at the Overdue Rate.

(g) Further Assurances. The Company will do all acts and things and will execute all financing statements and writings requested by the Bank to establish, maintain and continue a perfected and valid security interest of the Bank in the Collateral, and will promptly on demand pay all reasonable costs and expenses of filing and recording all instruments, including the costs of any searches deemed necessary by the Bank to establish and determine the validity and the priority of the Bank's security interests.

(ii) The Company agrees that from time to time, at the expense of the Company, the Company will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary for desirable, or that the Bank may reasonably request, in order to preserve, perfect and protect any security interest granted or purported to be granted hereby or to enable the Bank to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Company will execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Bank may reasonably request, in order to preserve, perfect and protect the security interests granted or purported to be granted hereby, including, without limitation, those instruments required to perfect the security interests granted in respect of after-acquired Collateral.

(iii) The Company hereby authorizes the Bank to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Company where permitted by law.

(iv) The Company will furnish to the Bank from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Bank may reasonably request, all in reasonable detail.

(h) Maintenance of Tangible Collateral. The Company will cause the tangible Collateral to be maintained and preserved in the same condition, repair and working order as when acquired, ordinary wear and tear excepted, and shall forthwith, or, in the case of any loss or damage to any of the tangible Collateral as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements, and other improvements made in connection therewith which are necessary or desirable to such end. The Company shall promptly furnish to the Bank a statement respecting any loss or damage to any of the tangible Collateral.

(i) Maintenance of Intangible Collateral. The Company shall preserve and maintain all rights of the Company and the Bank in the intangible Collateral, including without limitation the payment of all maintenance fees and the taking of appropriate action at the Company's expense to halt the infringement of any of the intangible Collateral.

(j) Special Rights Regarding Accounts Receivable. Upon the occurrence and continuance of an Event of Default, the Bank or any of its agents may, at any time and from time to time, verify directly with the

Company's account debtors the accounts pledged hereunder in any manner. The Bank or any of its agents may, at any time from time to time in its sole discretion, notify the Company's account debtors of the security interest of the Bank in the Collateral and/or direct such account debtors that all payments in connection with such obligations and the Collateral be made directly to the Bank in the Bank's name. If the Bank or any of its agents shall collect such obligations directly from the Company's account debtors, the Bank or any of its agents shall have the right to resolve any disputes relating to returned goods directly with the Company's account debtors in such manner and on such terms as the Bank or any of its agents shall deem appropriate. The Company directs and authorizes any and all of its present and future account debtors to comply with requests for information from the Bank, the Bank's designees and agents and/or auditors, relating to any and all business transactions between the Company and the Company's account debtors. The Company further directs and authorizes all of its account debtors upon receiving a notice or request sent by the Bank or the Bank's agents or designees to pay directly to the Bank any and all sums of money or proceeds now or hereafter owing by the Company's account debtors to the Company, and any such payment shall act as a discharge of any debt of such account debtor to the Company in the same manner as if such payment had been made directly to the Company. The Company agrees to take any and all action as the Bank may request to assist the Bank in exercising the rights described in this Section.

2. Events of Default. The occurrence of any Event of Default specified in the Credit Agreement shall be deemed an Event of Default under this Security Agreement.

3. Remedies. Upon the occurrence of any such Event of Default, the Bank shall have and may exercise any one or more of the rights and remedies provided to it under this Security Agreement or any of the other Operative Documents or provided by law, including but not limited to all of the rights and remedies of a secured party under the Uniform Commercial Code, and the Company hereby agrees to assemble the Collateral and make it available to the Bank at a place to be designated by the Bank which is reasonably convenient to both parties, authorizes the Bank to take possession of the Collateral with or without demand and with or without process of law and to sell and dispose of the same at public or private sale and to apply the proceeds of such sale to the costs and expenses thereof (including reasonable attorneys' fees and disbursements, incurred by the Bank) and then to the payment of the indebtedness and satisfaction of other Secured Obligations. Any requirement of reasonable notice shall be met if the Bank sends such notice to the Company, by registered or certified mail, at least 5 days prior to the date of sale, disposition or other event giving rise to a required notice. The Bank may be the purchaser at any such sale. The Company expressly authorizes such sale or sales of the Collateral in advance of and to the exclusion of any sale or sales of or other realization upon any other collateral securing the Secured Obligations. The Bank shall have no obligation to preserve rights against prior parties. The Company hereby waives as to the Bank any right of subrogation or marshalling of such Collateral and any other collateral for the Secured Obligations. To this end, the Company hereby expressly agrees that any such collateral or other security of the Company or any other party which

the Bank may hold, or which may come to any of them or any of their possession, may be dealt with in all respects and particulars as though this Security Agreement were not in existence. The parties hereto further agree that public sale of the Collateral by auction conducted in any county in which any Collateral is located or in which the Bank or the Company does business after advertisement of the time and place thereof shall, among other manners of public and private sale, be deemed to be a commercially reasonable disposition of the Collateral. The Company shall be liable for any deficiency remaining after disposition of the Collateral.

4. Special Remedies Concerning Certain Collateral. (a) Upon the occurrence of any Event of Default, the Company shall, if requested to do so in writing, and to the extent so requested (i) promptly collect and enforce payment of all amounts due the Company on account of, in payment of, or in connection with, any of the Collateral, (ii) hold all payments in the form received by the Company as trustee for the Bank, without commingling with any funds belonging to the Company, and (iii) forthwith deliver all such payments to the Bank with endorsement to the Bank's order of any checks or similar instruments.

(b) Upon the occurrence of any Event of Default, the Company shall, if requested to do so, and to the extent so requested, notify all account debtors and other persons with obligations to the Company on account of or in connection with any of the Collateral of the security interest of the Bank in the Collateral and direct such account debtors and other persons that all payments in connection with such obligations and the Collateral be made directly to the Bank. The Bank itself may, upon the occurrence of an Event of Default, so notify and direct any such account debtor or other person that such payments are to be made directly to the Bank.

(c) Upon the occurrence of any Event of Default, for purposes of assisting the Bank in exercising its rights and remedies provided to it under this Security Agreement, the Company (i) hereby irrevocably constitutes and appoints the Bank its true and lawful attorney, for it and in its name, place and stead, to collect, demand, receive, sue for, compromise, and give good and sufficient releases for, any monies due or to become due on account of, in payment of, or in connection with the Collateral, (ii) hereby irrevocably authorizes the Bank to endorse the name of the Company upon any checks, drafts, or similar items which are received in payment of, or in connection with any of the Collateral, and to do all things necessary in order to reduce the same to money, (iii) with respect to any Collateral, hereby irrevocably assents to all extensions or postponements of the time of payment thereof or any other indulgence in connection therewith, to each substitution, exchange or release of Collateral, to the addition or release of any party primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromise or adjustment (including adjustment of insurance payments) thereof, all in such manner and at such time or times as the Bank shall deem advisable, and (iv) hereby irrevocably authorizes the Bank to notify the post office authorities to change the address for delivery of the Company's mail to an address designated by the Bank, and the Bank may

receive, open and dispose of all mail addressed to the Company. Notwithstanding any other provisions of this Security Agreement, it is expressly understood and agreed that the Bank shall have no duty or be obligated in any manner to make any demand or to make any inquiry as to the nature or sufficiency of any payments received by it or to present or file any claim or take any other action to collect or enforce the payment of any amounts due or to become due on account of or in connection with any of the Collateral.

5. Remedies Cumulative. No right or remedy conferred upon or reserved to the Bank under any Operative Document is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative in addition to every other right or remedy given hereunder or now or hereafter existing under any applicable law. Every right and remedy of the Bank under any Operative Document or under applicable law may be exercised from time to time and as is often as may be deemed expedient by the Bank. To the extent that it lawfully may, the Company agrees that it will not at any time insist upon, plead, or in any manner whatever claim or take any benefit or advantage of any applicable present or future stay, extension or moratorium law, which may effect observance or performance of any provisions of any Operative Document; nor will it claim, take or insist upon any benefit or advantage of any present or future law providing for the valuation or appraisal of any security for its obligations under any Operative Document prior to any sale or sales thereof which may be made under or by virtue of any instrument governing the same; nor will it, after any such sale or sales, claim or exercise any right, under any applicable law to redeem any portion of such security so sold.

6. Conduct No Waiver. No waiver of default shall be effective unless in writing executed by the Bank and waiver of any default or forbearance on the part of the Bank in enforcing any of its rights under this Security Agreement shall not operate as a waiver of any other default or of the same default on a future occasion or of such right.

7. Governing Law; Definitions. This Security Agreement is a contract made under, and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such State. Terms used but not defined herein shall have the respective meaning ascribed thereto in the Credit Agreement. Unless otherwise defined herein or in the Credit Agreement, terms used in Article 9 of the Uniform Commercial Code in the State of Michigan are used herein as therein defined on the date hereof. The headings of the various subdivisions hereof are for convenience of reference only and shall in no way modify any of the terms or provisions hereof.

8. Notices. All notices, demands, requests, consents and other communications hereunder shall be in writing and shall be delivered or sent to the Company at P.O. Box 380, 121 South Walnut Street, Howell, Michigan 48844, Attention: Chairman and to the Bank at 125 South Main Street, Ann Arbor, Michigan 48104, Attention: Gilda E. Johnson, or to such other address as may

be designated by the Company or the Bank by notice to the other party. All notices shall be deemed to have been given at the time of actual delivery thereof to such address, or if sent by the Bank to the Company by certified or registered mail, postage prepaid, to such address, on the fifth day after mailing.

9. Rights Not Construed as Duties. The Bank neither assumes nor shall it have any duty of performance or other responsibility under any contracts in which the Bank has or obtains a security interest hereunder. If the Company fails to perform any agreement contained herein, the Bank may but is in no way obligated to itself perform, or cause performance of, such agreement, and the expenses of the Bank incurred in connection therewith shall be payable by the Company under paragraph 12. The powers conferred on the Bank hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and accounting for monies actually received by it hereunder, the Bank shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

10. Amendments. None of the terms and provisions of this Security Agreement may be modified or amended in any way except by an instrument in writing executed by each of the parties hereto.

11. Severability. If any one or more provisions of this Security Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected, impaired or prejudiced thereby.

12. Expenses. (a) The Company agrees to indemnify the Bank from and against any and all claims, losses and liabilities growing out of or resulting from this Security Agreement (including, without limitation, enforcement of this Security Agreement), except claims, losses or liabilities resulting from the Bank's gross negligence or willful misconduct.

(b) The Company will, upon demand, pay to the Bank an amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any experts and agents, which the Bank may incur in connection with (i) the administration of this Security Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Bank hereunder, or (iv) the failure of the Company to perform or observe any of the provisions hereof.

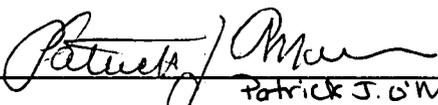
13. Successors and Assigns; Termination. This Security Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until full payment and performance of the Secured Obligations (b) be binding upon the Company, its successors and assigns and (c) inure, together with the rights and remedies of the Bank hereunder, to the benefit of the Bank and its successors, transferees and

assigns. Upon the full payment and performance of the Secured Obligations the security interests granted hereby shall terminate and all rights to the Collateral shall revert to the Company. Upon any such termination, the Bank will, at the Company's expense, execute and deliver to the Company such documents as the Company shall reasonably request to evidence such termination.

14. Waiver of Jury Trial. The Bank and the Company, after consulting or having had the opportunity to consult with counsel, knowingly, voluntarily and intentionally waive any right either of them may have to a trial by jury in any litigation based upon or arising out of this Security Agreement or any related instrument or agreement or any of the transactions contemplated by this Security Agreement or any course of conduct, dealing, statements (whether oral or written) or actions of either of them. Neither the Bank nor the Company shall seek to consolidate, by counterclaim or otherwise, any such action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived. These provisions shall not be deemed to have been modified in any respect or relinquished by either the Bank or the Company except by a written instrument executed by both of them.

IN WITNESS WHEREOF, the Company has caused this Security Agreement to be duly executed as of the day and year first set forth above.

ANN ARBOR ACQUISITION CORPORATION

By:   
Patrick J. O'Meara  
Its: Chairman

SCHEDULE 1(b) TO SECURITY AGREEMENT

List of Other Office and Facility Locations

<u>Type of Office or Facility</u>	<u>Address</u>	<u>City</u>	<u>County</u>	<u>State</u>
Operations	3589 Hoffman	Toledo	Lucas	Ohio
Depot	598 E. Main St.	Dundee	Monroe	Michigan
Hallett Tower	1061 Matzinger	Toledo	Lucas	Ohio

SCHEDULE 1(c)(i) TO SECURITY AGREEMENT

List of Inventory, Fixtures, Machinery and Equipment Locations

<u>Address</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>If Leased or Warehoused, Name and Address of Lessor/Warehouseman</u>
3589 Hoffman	Toledo	Lucas	Ohio	N/A
121 S. Walnut	Howell	Livingston	Michigan	N/A
1061 Matzinger	Toledo	Lucas	Ohio	N/A
1200 Lasky Rd.	Toledo	Lucas	Ohio	N/A

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