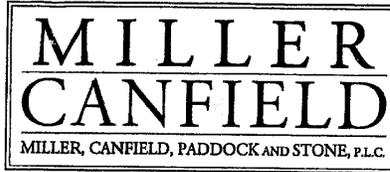


Founded in 1852  
by Sidney Davy Miller

**150**  
YEARS  
1852-2002

**BRAD B. ARBUCKLE**  
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AFFILIATED OFFICE:  
Pensacola, FL

May 10, 2002

Secretary  
Surface Transportation Board  
1925 K Street, N.W., Suite 700  
Washington, D.C. 20423-0001

RECORDATION NO. 16749-I FILED

MAY 21 '02

2:11 PM

SURFACE TRANSPORTATION BOARD

Re: Huron Leasing Corporation  
Recordation Pursuant to 49 U.S.C. §11301

Dear Mr. Secretary:

We are legal counsel to Huron Leasing Corporation.

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11301, please find one (1) original counterpart and one (1) certified true copy of each of the documents that follow:

- (1) Amended and Restated Security Agreement (Equipment) dated May 10, 2002 (the "Security Agreement-Equipment"), which is a primary document as defined in the Surface Transportation Board's (the "Board") regulations governing the Recordation of Documents, 49 C.F.R. §1177.1(a); and
- ✓ (2) Amended and Restated Security Agreement (Accounts, Chattel Paper, and Inventory) dated May 10, 2002 (the "Security Agreement-Accounts, Chattel Paper, and Inventory"), which also is a primary document under the Board's regulations.

With respect to the enclosed documents, we request the following:

First, that the Security Agreement-Equipment be cross-indexed with Recordation Nos. 21052 and 16749G, in which security interests regarding the property that is the subject of this filing were recorded on December 11, 1997 in favor of Comerica Bank.

May 10, 2002

Second, that the Security Agreement-Accounts, Chattel Paper, and Inventory, be cross-indexed with Recordation Nos. 21053 and 16749H, in which security interests regarding the property that is the subject of this filing were recorded on December 11, 1997 in favor of Comerica Bank.

Third, that you list these documents in your index under the name of each of the involved parties.

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

(1) Security Agreement-Equipment

Mortgagor:           Huron Leasing Corporation  
(Debtor)             323 Newman Street  
                          East Tawas, Michigan 48730

Mortgagee:           Comerica Bank  
(Secured Party)     500 Woodward Avenue  
                          Detroit, Michigan 48226

(2) Security Agreement-Accounts, Chattel Paper, and Inventory

Mortgagor:           Huron Leasing Corporation  
(Debtor)             323 Newman Street  
                          East Tawas, Michigan 48730

Mortgagee:           Comerica Bank  
(Secured Party)     500 Woodward Avenue  
                          Detroit, Michigan 48226

Included in the property covered by the Security Agreement-Equipment and the Security Agreement-Accounts, Chattel Paper and Inventory, are the railroad cars and other rolling stock listed on the attached Annex A.

Such railroad cars and other rolling stock are intended for use related to interstate commerce, or interests therein, owned by Huron Leasing Corporation at the date of said Security Agreements or thereafter acquired by it or its successors.

(The owner or lessee of all of the property described on the attached Annex A is Huron Leasing Corporation.).

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

-3-

May 10, 2002

A check payable to "Surface Transportation Board" and in the amount of the applicable filing fees (\$60.00) is enclosed. Please return the original and any extra copies of the Security Agreement-Equipment and the Security Agreement-Accounts, Chattel Paper, and Inventory that are not needed by the Surface Transportation Board for recordation to:

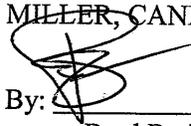
Brad B. Arbuckle, Esq.  
Miller, Canfield, Paddock and Stone, P.L.C.  
840 W. Long Lake Road, Suite 200  
Troy, Michigan 48098-6358  
(248) 870-2000

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

A security agreement-equipment executed by Huron Leasing Corporation, 211 Newman Street, East Tawas, Michigan 48730, for the benefit of Comerica Bank, 500 Woodward Avenue, Detroit, Michigan 48226, dated May 10, 2002, and a security agreement-accounts, chattel paper, and inventory executed by Huron Leasing Corporation, 211 Newman Street, East Tawas, Michigan 48730, for the benefit of Comerica Bank, 500 Woodward Avenue, Detroit, Michigan 48226, dated May 10, 2002, all covering the financing of certain railroad cars and other rolling stock.

Sincerely,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By: 

Brad B. Arbuckle

BBA/caj

Enclosures

cc: Larry R. Shulman, Esq.

**ANNEX A**

**Schedule of Locomotives**

<u>Unit No.</u>	<u>Builder/Remfg</u>	<u>Model</u>	<u>H.P.</u>	<u>Acquired</u>
LSRC 698	Alco/Bombadier	HR-412	2000	5/1998
LSRC 798	Alco/MLW	M-420	2000	5/1998

**Key to Abbreviations:**

Alco	American Locomotive Company
MLW	MLW Industries

## Schedule of Rolling Stock

<u>Series</u>	<u>Description</u>	<u>Year Built</u>	<u>Qty.</u>	<u>Car Numbers</u>	<u>AAR Car Type Code</u>
LSRC 5800	Open top hopper, 77 ton capacity, 3 pocket, mono lock doors	1957	61	5825 to 5832, inclusive; 5834 to 5844, inclusive; 5846 to 5875, inclusive; 5877 to 5885, inclusive; 5887 to 5890, inclusive	H250
LSRC 10000	All door box car, 90 ton capacity		6	10012; 10014; 10017; 10018; 10026	L047
LSRC 10100	All door box car, 90 ton capacity		24	10102; 10106; 10109 to 10113, inclusive; 10117; 10119 to 10121, inclusive; 10126 to 10134, inclusive; 10136; 10139 to 10142, inclusive	L047
LSRC 10200	Double door box car, 90 ton capacity		55	10200 to 10254, inclusive	A403
LSRC 01-99	Rapid discharge open hoppers, 100 ton capacity	1965	87	1 to 29, inclusive; 31 to 41, inclusive; 43 to 45, inclusive; 47 to 52, inclusive; 54 to 64, inclusive; 67 to 70, inclusive; 73 to 77, inclusive; 79 to 81, inclusive; 83 to 86, inclusive; 88 to 94, inclusive; 96 to 99, inclusive	H350

CERTIFIED TRUE COPY

HCC

ACCOUNTS

RECORDATION NO. 16749-1 FILED

MAY 21 '02

2:11 PM

**SURFACE TRANSPORTATION BOARD**

RECORDATION NO. 16749-I FILED

STATE OF MICHIGAN )  
 ) ss  
COUNTY OF OAKLAND )

MAY 21 '02

2:11 PM

**SURFACE TRANSPORTATION BOARD**

On this 10th day of May, 2002, before me personally appeared James George, to me personally known, who, being by me duly sworn, says that he is an Executive Vice President of Huron Leasing Corporation, that he is duly authorized to sign the attached Amended and Restated Security Agreement (Accounts, Chattel Paper, and Inventory) on behalf of Huron Leasing Corporation, and that said instrument was signed on behalf of Huron Leasing Corporation, and he acknowledged that the execution of the foregoing instrument was the free act and deed of Huron Leasing Corporation.



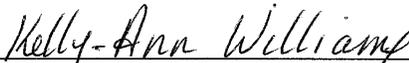
Notary Public

My Commission Expires: 10/28/03

(Notarial Seal)

DISTRICT OF COLUMBIA )  
 ) ss  
 )

On this 21st day of May, 2002, I compared the attached copy of the Amended and Restated Security Agreement (Accounts, Chattel Paper and Inventory) dated May 10, 2002 executed by James George, an Executive Vice President of Huron Leasing Corporation, 323 Newman Street, East Tawas, Michigan 48730, with the original executed version of the same, and found the copy to be complete in all respects to the original document.



Notary Public

My Commission Expires: My Commission Expires January 31, 2003

(Notarial Seal)

**AMENDED AND RESTATED  
SECURITY AGREEMENT**  
(Accounts, Chattel Paper, and Inventory)

For value received, the undersigned ("Debtor") grants to Comerica Bank, a Michigan banking corporation, whose address is 500 Woodward Avenue, Detroit, Michigan 48226 ("Bank"), a continuing security interest and lien (any pledge, assignment, security interest or other lien arising hereunder is sometimes referred to herein as a "security interest") in (a) Debtor's Accounts Receivable, (b) Debtor's interest in the goods which has given rise to any Account Receivable, (c) Debtor's Property in Possession of Bank, (d) Debtor's Inventory, (e) all Software and (f) the Proceeds and products of all the above, to secure payment of any and all sums, indebtedness and liabilities of any and every kind now owing or later to become due to the Bank from Debtor or Lake State Railway Company ("Borrower") during the term of this Agreement, however created, incurred, evidenced, acquired or arising, whether under any note(s), guaranty(ies), letter of credit agreement(s), evidence(s) of indebtedness or under any other instrument, obligation, guaranty, contract or agreement or dealing of any and every kind now existing or later entered into between the Debtor or Borrower and the Bank, or otherwise, and whether direct, indirect, primary, secondary, fixed, contingent, joint or several, due or to become due, together with interest and charges, and including, without limit, all present and future indebtedness or obligations of third parties to the Bank which is guaranteed by the Debtor or Borrower and the present or future indebtedness originally owing by the Debtor or Borrower to third parties and assigned by third parties to the Bank, and any and all renewals, extensions or modifications of any of them (the "Indebtedness").

**1. Definitions.** As used in this Agreement:

- 1.1 "Account(s) Receivable" or "Debtor's Account(s) Receivable" means all of the following now owned or later acquired by Debtor wherever located: all accounts; general intangibles (including, without limit, Tax Refunds, trade names, trade styles and goodwill, trademarks, copyrights and patents, and applications for them, trade and proprietary secrets, formulae, designs, blueprints and plans, customer lists, software programs, literary rights, licenses and permits, insurance policies, insurance proceeds, beneficial interests in trusts, and minute books and other books and records); chattel paper (including without limit electronic chattel paper and tangible chattel paper); investment property; contract rights; deposit accounts; documents; instruments; rights to payment evidenced by chattel paper; documents or instruments; health care insurance receivables; commercial tort claims; letters of credit; letter of credit rights; supporting obligations; and rights to payment for money or funds advanced or sold.
- 1.2 "Collateral" means any and all property of Debtor in which Bank now has or by this Agreement now or later acquires a security interest. A reference to a type of collateral shall not be limited by a separate reference to a more specific or narrower type of that collateral.

- 1.3 “Credit Agreement” shall mean the Letter Agreement dated May 10, 2002 by and between Debtor and Bank, as the same may be amended or modified from time to time.
- 1.4 “Debtor’s Property in Possession of Bank” means goods, instruments, documents, policies and certificates of insurance, deposits, money or other property now owned or later acquired by Debtor or in which Debtor now has or later acquires an interest and which are now or later in possession of Bank, or as to which Bank now or later controls possession by documents or otherwise.
- 1.5 “Environmental Law” shall have the meaning ascribed to such term in the Credit Agreement.
- 1.6 “Hazardous Materials” shall have the meaning ascribed to such term in the Credit Agreement.
- 1.7 “Inventory” or “Debtor’s Inventory” means all goods wherever located, now owned or later acquired by Debtor, which are held for sale or lease or furnished or to be furnished under any contract of service (including, without limit, any such goods which are returned to or repossessed by Debtor), or which are raw materials, work in process or materials used or consumed in Debtor’s business and any other property constituting “inventory” under the Uniform Commercial Code.
- 1.8 “Proceeds” has the meaning assigned it in Article 9 of the Uniform Commercial Code, as of the date of this Agreement, and also includes, without limit, cash or other property which were proceeds and are recovered by a bankruptcy trustee or otherwise as a preferential transfer by Debtor.
- 1.9 “Software” consists of all (i) computer programs and supporting information provided in connection with a transaction relating to the program, and (ii) computer programs embedded in goods and any supporting information provided in connection with a transaction relating to the program whether or not the program is associated with the goods in such a manner that it customarily is considered part of the goods, and whether or not, by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods, and whether or not the program is embedded in goods that consist solely of the medium in which the program is embedded).
- 1.10 “Tax Refunds” means refunds or claims for refunds of any taxes at any time paid by Debtor to the United States of America, any state, city, county or any other governmental entity.
- 1.11 “Uniform Commercial Code” means Act No. 174 of the Michigan Public Acts of 1962, as amended.

1.12 Except as otherwise provided in this Agreement, all terms in this Agreement have the meanings assigned to them in Article 9 (or, absent definition in Article 9, in any other Article) of the Uniform Commercial Code, as of the date of this Agreement.

**2. Warranties, Covenants and Agreements.** Debtor warrants, covenants and agrees as follows:

2.1 Bank at its option may disburse loan proceeds directly to the seller of any Collateral to be acquired with proceeds of loans from Bank.

2.2 Debtor shall (a) furnish to Bank, in form and at intervals as Bank may request, information adequate to identify the Inventory, its cost and location, and reports with respect to the acquisition and sale of Inventory; (b) evidence to Bank, in form and at intervals as Bank may request, the account balances and the nature and extent of those Accounts Receivable in which Debtor has rights, the names and addresses of all account debtors and reports with respect to the payments on and aging of Accounts Receivable; (c) keep adequate records of the Collateral and other records as Bank shall reasonably determine to be appropriate; and (d) allow Bank to examine, inspect and make abstracts from, or copy any of Debtor's books and records (relating to the Collateral or otherwise and whether printed or in magnetic tape or discs or in other machine readable form), and arrange for verification of Accounts Receivable directly with account debtors or by other commercially reasonable methods acceptable to Bank.

2.3 Debtor shall at the request of Bank (a) mark its records and the Collateral to clearly indicate the security interest of Bank under this Agreement, and (b) deliver to Bank all accounting and other records pertaining to, and all writings evidencing, the Collateral or any portion of it, together with all books, records and documents of Debtor related to it in whatever form kept by Debtor, whether printed or in magnetic tape or discs or in other machine readable form or otherwise, and all forms, programs, software and other materials and instructions necessary or useful to Bank, to monitor the Collateral or enforce its rights under this Agreement.

2.4 At the time any Collateral becomes, or is represented to be, subject to a security interest in favor of Bank, Debtor shall be deemed to have warranted that (a) Debtor is the lawful owner of the Collateral and has the right and authority to subject it to a security interest granted to Bank; (b) none of the Collateral is subject to any security interest other than that in favor of Bank and liens and security interests permitted pursuant to the terms of the Credit Agreement ("Permitted Liens") and there are no financing statements on file, other than in favor of Bank and with respect to Permitted Liens; (c) Debtor acquired its rights in the Collateral in the ordinary course of its business; and (d) no person, other than Bank, has possession or control

(as defined in the Uniform Commercial Code) of any Collateral of such nature that perfection of a security interest may be accomplished by control.

- 2.5 On each occasion on which Debtor evidences to Bank the account balances on and the nature and extent of Debtor's Accounts Receivable, Debtor shall be deemed to have warranted that except as otherwise indicated in such evidence (a) each of those Accounts Receivable is valid and enforceable without performance by Debtor of any act; (b) each of those account balances are in fact owing, (c) there are no setoffs, recoupments, credits, contra accounts, counterclaims or defenses against any of those Accounts Receivable, (d) as to any Accounts Receivable represented by a note, trade acceptance, draft or other instrument or by any chattel paper or document, the same have been endorsed and/or delivered by Debtor to Bank, (e) to the best knowledge of Debtor, Debtor has not received with respect to any Account Receivable, any notice of the death of the related account debtor, nor of the dissolution, liquidation, termination of existence, insolvency, business failure, appointment of a receiver for assignment for the benefit of creditors by, or filing of a petition in bankruptcy by or against, the account debtor, and (f) as to each Account Receivable, except as may be expressly permitted by Bank to the contrary in another document and to the best knowledge of Debtor, the account debtor is not an affiliate of Debtor, the United States of America or any department, agency or instrumentality of it, or a citizen or resident of any jurisdiction outside of the United States.
- 2.6 Debtor will keep the Collateral free at all times from any and all claims, liens, security interests and encumbrances other than those in favor of Bank and Permitted Liens. Debtor will not, without the prior written consent of Bank, sell, transfer or lease, or permit or suffer to be sold, transferred or leased, any or all of the Collateral, except for Inventory in the ordinary course of its business and will not return any Inventory to its supplier. Bank or its agents or attorneys may at all reasonable times inspect the Collateral and may enter upon all premises where the Collateral is kept or might be located.
- 2.7 If Bank, acting in its sole discretion, redelivers Collateral to Debtor or Debtor's designee for the purpose of
- (a) the ultimate sale or exchange thereof, or
  - (b) presentation, collection, renewal, or registration of transfer thereof, or
  - (c) loading, unloading, storing, shipping, transshipping, manufacturing, processing or otherwise dealing therewith preliminary to sale or exchange,

such redelivery shall be in trust for the benefit of Bank and shall not constitute a release of Bank's security interest therein or in the proceeds or products thereof unless Bank specifically so agrees in writing. If Debtor requests any such redelivery, Debtor will deliver with such request a duly executed financing statement in form

and substance satisfactory to Bank. Any proceeds of Collateral coming into Debtor's possession as a result of any such redelivery shall be held in trust for Bank and forthwith delivered to Bank for application on the Indebtedness. Bank may (if, in its sole discretion, it elects to do so) deliver the Collateral or any part of the Collateral to Debtor, and such delivery by Bank shall discharge Bank from any and all liability or responsibility for such Collateral.

- 2.8 At any time and without notice, Bank may (a) cause any or all of the Collateral to be transferred to its name or to the name of its nominees; (b) receive or collect by legal proceedings or otherwise all dividends, interest, principal payments and other sums and all other distributions at any time payable or receivable on account of the Collateral, and hold the same as Collateral, or apply the same to the Indebtedness, the manner and distribution of the application to be in the sole discretion of Bank; (c) enter into any extension, subordination, reorganization, deposit, merger or consolidation agreement or any other agreement relating to or affecting the Collateral, and deposit or surrender control of the Collateral, and accept other property in exchange for the Collateral and hold or apply the property or money so received pursuant to this Agreement; and (d) take such actions in its own name or in Debtor's name as Bank, in its sole discretion, deems necessary or appropriate to establish exclusive control (as defined in the Uniform Commercial Code) over any Collateral of such nature that perfection of Bank's security interest may be accomplished by control.
- 2.9 Debtor acknowledges and agrees that the Bank has no obligation to acquire or perfect any lien on or security interest in any asset(s), whether realty or personalty, to secure payment of the Indebtedness, and Debtor is not relying upon assets in which the Bank has or may have a lien or security interest for payment of the Indebtedness.
- 2.10 Debtor will do all acts and things, and will execute all writings requested by Bank to establish, maintain and continue such perfected security interest of Bank in the Collateral with the priority contemplated in the Credit Agreement, and will pay on demand all costs and expenses of searches, filing and recording deemed necessary by Bank to establish, determine or continue the validity and the priority of Bank's security interest.
- 2.11 Debtor will pay promptly and within the time that they can be paid without interest or penalty all taxes, assessments and similar imposts and charges which at any time are or may become a lien, charge, or encumbrance upon any of the Collateral, except to the extent contested in good faith and bonded in a manner satisfactory to Bank and except as otherwise permitted under the Credit Agreement. If Debtor fails to pay any of these taxes, assessments, or other charges in the time provided above, Bank has the option (but not the obligation) to do so and Debtor agrees to repay all amounts so expended by Bank immediately upon demand, together with interest at the highest default rate which could be charged by Bank to Debtor on any Indebtedness.

- 2.12 Debtor will keep the Inventory in reasonably good condition and will safeguard and protect it from material loss, material damage or significant deterioration from any cause. Debtor has and will maintain at all times (a) with respect to the Inventory, insurance against fire and other risks customarily insured against under an "all-risk" policy and other risks customarily insured against by persons similar in size and nature to Debtor, and (b) public liability insurance and other insurance as may be required by law or reasonably required by Bank, all of which insurance shall be in amount, form and content, and written by companies as may be satisfactory to Bank, naming Bank as sole payee as to the Inventory, and Debtor will deliver to Bank evidence satisfactory to Bank that the required insurance has been procured. If Debtor fails to maintain satisfactory insurance, Bank has the option (but not the obligation) to do so and Debtor agrees to repay all amounts so expended by Bank immediately upon demand, together with interest at the highest default rate which could be charged by Bank to Debtor on any Indebtedness.
- 2.13 If any of the Collateral (or any records concerning the Collateral) is located or kept by Debtor on leased premises, Debtor will: (a) provide a complete and correct copy of all applicable leases to Bank, (b) furnish or cause to be furnished to Bank from each landlord under such leases a lessor's acknowledgment and subordination in form satisfactory to Bank authorizing, on Default, Bank's entry on such premises to enforce its rights and remedies under this Agreement and (c) comply with all such leases. Debtor's rights under all such leases shall further be part of the Collateral, and included in the security interest granted to Bank hereunder.
- 2.14 Debtor shall neither make nor permit any modification, compromise or substitution for any Account Receivable without the prior written consent of Bank, except prior to the occurrence of an Event of Default modifications, compromises and substitutions in the ordinary course of business.
- 2.15 Debtor agrees to reimburse Bank upon demand for all reasonable fees and expenses incurred by Bank (a) in seeking to collect the Indebtedness or any part of it (through formal or informal collection actions, workouts or otherwise), in defending the validity or priority of its security interest, or in pursuing its rights and remedies under this Agreement or under any other agreement between Bank and Debtor; (b) in connection with any proceeding (including, without limit, bankruptcy, insolvency, administrative, appellate, or probate proceedings or any lawsuit) in which Bank at any time is involved as a result of any lending relationship or other financial accommodation involving Bank and Debtor; or (c) incurred by Bank during the continuance of an Event of Default, which fees and expenses relate to or would not have been incurred but for any lending relationship or other financial accommodation involving Bank and Debtor. Such fees and expenses include, without limitation, court costs, legal expenses, reasonable attorneys' fees and paralegal fees, reasonable internal transfer charges for in-house attorneys and paralegals and other services, and audit expenses.

- 2.16 Debtor at all times shall be in compliance in all material respects with all applicable laws.
- 2.17 (a) Debtor is and shall be in compliance in all material respects with all applicable Environmental Laws. Debtor will not bring, and to the best knowledge of Debtor there are not, Hazardous Materials on, in or under any real or personal property (“Property”) now or at any time owned, occupied, or operated by Debtor which in any manner violates any applicable Environmental Law or which could be subject to remediation pursuant to any applicable Environmental Law. Debtor has not disposed of, manufactured, treated, stored, handled, used, transported, or generated Hazardous Materials, and shall not in the future do any of the above acts in violation of any applicable Environmental Law.
- (b) Debtor shall promptly conduct all investigations, testing, removal and other actions reasonably necessary to clean up and remove all Hazardous Materials on or affecting the Property in accordance with all applicable Environmental Laws. These actions will not be deemed to cure any breach of this Section.
- (c) Debtor shall defend, indemnify and hold harmless Bank, its employees, agents, shareholders, officers, and directors from and against any and all claims, damages, fines, expenses, liabilities or causes of action of whatever kind, including without limit consultant fees, legal expenses, and reasonable attorneys’ fees, suffered by any of them as a direct or indirect result of any actual or asserted violation of any Environmental Law or of any remediation relating to the Property required by any Environmental Law.
- (d) Upon ten days notice to Debtor (except in an emergency or where not practical under applicable law), Bank may (but is not obligated to) enter on the Property or take such other actions as it reasonably deems appropriate to inspect, test for, clean up, remove, minimize the impact of, or advise governmental agencies of the possible existence of any Hazardous Materials upon Bank’s receipt of any notice from any competent and reliable source asserting the existence of any Hazardous Materials in violation of applicable Environmental Laws. All costs and expenses so incurred by Bank, including without limit consultant fees, legal expenses, and reasonable attorneys’ fees, shall be payable by Debtor upon demand, together with interest at the highest default rate which could be charged by Bank to Debtor on any Indebtedness.
- (e) The provisions of this section shall survive the repayment of the Indebtedness, the satisfaction of all other obligations of Debtor to Bank, the discharge or termination by Bank of any lien or security interest from Debtor, and the foreclosure of or exercise of rights as to any Collateral.

2.18 Debtor acknowledges and agrees that if any Guaranty is executed by the Debtor in connection with or related to this Agreement, all waivers contained in that Guaranty shall be and are incorporated by reference into this Agreement.

**3. Collection of Proceeds.**

3.1 Debtor agrees to collect and enforce payment of all Accounts Receivable until Bank shall direct Debtor to the contrary and, from and after this direction, Debtor agrees to fully and promptly cooperate and assist Bank (or any other person as Bank shall designate) in the collection and enforcement of all Accounts Receivable.

3.2 Debtor irrevocably authorizes Bank or any Bank employee or agent to endorse the name of Debtor upon any checks or other items which are received in payment of any Account Receivable or for any Inventory, and to do any and all things reasonably necessary in order to reduce these items to money.

3.3 Bank shall have no duty as to the collection or protection of Collateral or the proceeds of it, nor as to the preservation of any related rights, beyond the use of reasonable care in the custody and preservation of Collateral in the possession of Bank. Debtor agrees to take all steps necessary to preserve rights against prior parties with respect to Debtor's Property in Possession of Bank.

3.4 For the purpose of calculating interest on the Indebtedness, Debtor understands that Bank imposes a minimum one business day delay in crediting payments received by Bank on Accounts Receivable against the Indebtedness to allow time for collection and Debtor agrees that Bank may, at Bank's option, make such credits only when payments are actually collected by Bank in immediately available funds. Any credit of payment by Bank prior to receipt by Bank of immediately available funds is conditional upon Bank's receipt of those funds. For the purpose of calculating the principal amount which Debtor may request to borrow from Bank under any borrowing arrangements with Bank, Debtor understands that Bank may, at Bank's option, use a method different from that used for the purpose of calculating interest.

3.5 If it is specified in paragraph 8 below that the Indebtedness is on a Remittance Basis or if Bank (acting in its sole discretion during the existence of any Default) shall notify Debtor at any time that the Indebtedness shall henceforth be on a Remittance Basis:

(a) Unless Bank otherwise agrees in writing, Debtor shall at its sole expense establish and maintain, during any period that the Indebtedness is required to be on a Remittance Basis) a United States post office lock box (the "Lock Box"), to which Bank shall have exclusive access, and to which Debtor shall have no access. Debtor expressly authorizes Bank, from time to time, to remove all contents from the Lock Box, for disposition in accordance with this Agreement. Debtor agrees to notify all account debtors and other parties

obligated to it that all payments made on any account, invoice or other collateral (other than payments by electronic funds) shall be remitted, for the credit of Debtor, to the Lock Box, and Debtor shall include a like statement on all invoices. Payments made by electronic funds transfer shall be made directly to the Cash Collateral Account (defined below), and Debtor shall so instruct its account debtors and other parties obligated to it. Debtor shall execute all documents, authorizations and other agreements necessary to establish the Lock Box, and Bank's exclusive access thereto.

- (b) Whether or not Debtor is required by Bank to maintain a Lock Box under this paragraph, any and all cash, checks, drafts and other instruments for the payment of money received by Debtor at any time, in full or partial payment of any of the Collateral shall forthwith, upon receipt, be transmitted and delivered to Bank (properly endorsed, where required, so that such items may be collected by Bank). Any such items received by Debtor shall not be commingled with any other of Debtor's funds or property, but will be held separate and apart from Debtor's own funds or property, and upon express trust for the benefit of Bank until delivery is made to Bank.
- (c) All items or amounts which are remitted to the Lock Box or otherwise delivered by or for the benefit of Debtor to Bank on account of partial or full payment of, or any other amount payable with respect to, any of the Collateral shall, at Bank's option, (i) be applied to the payment of the Indebtedness, whether then due or not, in such order of application as Bank may determine in its sole discretion, or, (ii) shall be deposited to the credit of a non-interest bearing deposit account in the name of Comerica Bank for the benefit of Debtor (the "Cash Collateral Account") to be established by Debtor with Bank pursuant to this paragraph, as security for payment of the Indebtedness. Debtor shall have no right whatsoever to withdraw any funds so deposited. Debtor further grants to Bank a first security interest in and lien on all funds on deposit in such account. To the extent collected funds remain at any time on deposit in the Cash Collateral Account after payment and discharge in full of the Indebtedness (provided there is then no Default hereunder), Bank shall promptly release such surplus collected funds to Debtor. Debtor hereby irrevocably authorizes and directs Bank to endorse all items received for deposit to the Cash Collateral Account, notwithstanding the inclusion on any such item of a restrictive notation, e.g., "paid in full", "balance of account", or other restriction.
- (d) Debtor agrees that Bank shall not be liable for any loss or damage which Debtor suffers or may suffer as a result of Bank's processing of items or its exercise of any other rights or remedies under this Agreement, including without limitation indirect, special or consequential damages, loss of revenues or profits, or any claim, demand or action by any third party arising out of or in connection with the processing of items or the exercise of any

other rights or remedies hereunder. Debtor further agrees to indemnify and hold Bank harmless from and against all such third party claims, demands or actions, including without limitation litigation costs and reasonable attorney fees, except for claims arising from Bank's gross negligence or willful misconduct.

**4. Defaults, Enforcement and Application of Proceeds.**

- 4.1 Upon the occurrence of any of the following events (each an "Event of Default"), Debtor shall be in default under this Agreement:
- (a) Any failure or neglect to comply with, or breach of, any of the terms, provisions, warranties or covenants of this Agreement, or any other agreement or commitment between Debtor, Borrower or any guarantor of any of the Indebtedness ("guarantor") and Bank and continuance thereof beyond any applicable period of cure; or
  - (b) Any failure to pay the Indebtedness when due, or such portion of it as may be due, by acceleration or otherwise and continuance thereof beyond any applicable period of cure; or
  - (c) Any warranty, representation, financial statement or other information made, given or furnished to Bank by or on behalf of Debtor, Borrower or any guarantor shall be, or shall prove to have been, false or materially misleading when made, given, or furnished; or
  - (d) Any material loss, material theft or substantial damage or destruction, to or of any of the Collateral, or the issuance or filing of any attachment, levy, garnishment or the commencement of any proceeding in connection with any of the Collateral or of any other judicial process of, upon or in respect of Debtor, Borrower or any guarantor or any of the Collateral; or
  - (e) Sale or other disposition by Debtor, Borrower or guarantor of any substantial portion of its assets or property or voluntary suspension of the transaction of business by Debtor, Borrower or any guarantor, or death, dissolution, termination of existence, merger, consolidation, insolvency, business failure or assignment for the benefit of creditors of or by Debtor, Borrower or any guarantor; or commencement of any proceedings under any state or federal bankruptcy or insolvency laws or laws for the relief of debtors by or against Debtor, Borrower or any guarantor; or the appointment of a receiver, trustee, court appointee, sequestrator or otherwise, for all or any part of the property of Debtor, Borrower or any guarantor; or
  - (f) Any termination or notice of termination of any guaranty of collection or payment of, or any breach, termination or notice of termination of any

subordination agreement, pledge, or collateral assignment relating to, all or any part of the Indebtedness; or

- (g) Any failure by Debtor, Borrower or any guarantor to pay when due any of its indebtedness (other than to Bank) or in the observance or performance of any term, covenant or condition in any agreement evidencing, securing or relating to that indebtedness; or
- (h) Bank reasonably deems the margin of Collateral insufficient or shall fear material deterioration, removal or waste of the Collateral.
- (i) A default shall occur under any instrument, agreement or other document evidencing, securing or otherwise relating to any of the Indebtedness.

4.2 Upon the occurrence of any Event of Default, Bank may at its discretion and without prior notice to Debtor declare any or all of the Indebtedness to be immediately due and payable, and shall have and may exercise any one or more of the following rights and remedies:

- (a) exercise all the rights and remedies upon default, in foreclosure and otherwise, available to secured parties under the provisions of the Uniform Commercial Code and other applicable law;
- (b) institute legal proceedings to foreclose upon and against the lien and security interest granted by this Agreement, to recover judgment for all amounts then due and owing as Indebtedness, and to collect the same out of any of the Collateral or the proceeds of any sale of it;
- (c) institute legal proceedings for the sale, under the judgment or decree of any court of competent jurisdiction, of any or all of the Collateral; and/or
- (d) personally or by agents, attorneys, or appointment of a receiver, enter upon any premises where the Collateral or any part of it may then be located, and take possession of all or any part of it and/or render it unusable; and without, except as otherwise provided by applicable law, being responsible for loss or damage to such Collateral,
  - (i) hold, store, and keep idle, or lease, operate, remove or otherwise use or permit the use of the Collateral or any part of it, for that time and upon those terms as Bank, in its sole discretion, deems to be in its own best interest, and demand, collect and retain all resulting earnings and other sums due and to become due from any party, accounting only for net earnings, if any (unless the Collateral is retained in satisfaction of the Indebtedness, in which case no accounting will be necessary), arising from that use (which net

earnings may be applied against the Indebtedness) and charging against all receipts from the use of the Collateral or from its sale, by court proceedings or pursuant to subsection (ii) below, all other costs, expenses, charges, damages and other losses resulting from that use; and/or

- (ii) sell, lease, dispose of, or cause to be sold, leased or disposed of, all or any part of the Collateral at one or more public or private sales, leasings or other dispositions, at places and times and on terms and conditions as Bank may deem fit, without any previous demand or advertisement; and except as provided in this Agreement, all notice of sale, lease or other disposition, and advertisement, and other notice or demand, any right or equity of redemption, and any obligation of a prospective purchaser or lessee to inquire as to the power and authority of Bank to sell, lease or otherwise dispose of the Collateral or as to the application by Bank of the proceeds of sale or otherwise, which would otherwise be required by, or available to Debtor under, applicable law are expressly waived by Debtor to the fullest extent permitted.

At any sale pursuant to this Section 4.2, whether under the power of sale, by virtue of judicial proceedings or otherwise, it shall not be necessary for Bank or a public officer under order of a court to have present physical or constructive possession of the Collateral to be sold. The recitals contained in any conveyances and receipts made and given by Bank or the public officer to any purchaser at any sale made pursuant to this Agreement shall, to the extent permitted by applicable law, conclusively establish the truth and accuracy of the matters stated (including, without limit, as to the amounts of the principal of and interest on the Indebtedness, the accrual and nonpayment of it and advertisement and conduct of the sale); and all prerequisites to the sale shall be presumed to have been satisfied and performed. Upon any sale of any of the Collateral, the receipt of the officer making the sale under judicial proceedings or of Bank shall be sufficient discharge to the purchaser for the purchase money, and the purchaser shall not be obligated to see to the application of the money. Any sale of any of the Collateral under this Agreement shall be a perpetual bar against Debtor with respect to that Collateral. At any sale or other disposition of Collateral pursuant to this Section 4.2, Bank disclaims all warranties which would otherwise be given under the Uniform Commercial Code, including without limit a disclaimer of any warranty relating to title, possession, quiet enjoyment or the like, and Bank may communicate these disclaimers to a purchaser at such disposition. This disclaimer of warranties will not render the sale commercially unreasonable.

- 4.3 Debtor shall (at any time) at the request of Bank, notify the account debtors or obligors of the security interest of Bank in any Accounts Receivable and direct

payment of it to Bank. Bank may, itself, upon the occurrence of any Event of Default so notify and direct any account debtor or obligor and may take control of any proceeds to which it may be entitled under this Agreement. At the request of Bank, whether or not an Event of Default shall have occurred, Debtor shall immediately take such actions as Bank shall request to establish exclusive control (as defined in the Uniform Commercial Code) by Bank over any Collateral which is of such a nature that perfection of a security interest may be accomplished by control.

- 4.4 The proceeds of any sale or other disposition of Collateral authorized by this Agreement shall be applied by Bank first upon all expenses authorized by the Uniform Commercial Code and all reasonable attorney fees and legal expenses incurred by Bank; the balance of the proceeds of the sale or other disposition shall be applied in the payment of the Indebtedness, first to interest, then to principal, then to remaining Indebtedness and the surplus, if any, shall be paid over to Debtor or to such other person(s) as may be entitled to it under applicable law. Debtor shall remain liable for any deficiency, which it shall pay to Bank immediately upon demand. Debtor agrees that Bank shall be under no obligation to accept any noncash proceeds in connection with any sale or disposition of Collateral unless failure to do so would be commercially unreasonable. If Bank agrees in its sole discretion to accept noncash proceeds (unless the failure to do so would be commercially unreasonable), Bank may ascribe any commercially reasonable value to such proceeds. Without limiting the foregoing, Bank may apply any discount factor in determining the present value of proceeds to be received in the future or may elect to apply proceeds to be received in the future only as and when such proceeds are actually received in cash by Bank.
- 4.5 Nothing in this Agreement is intended, nor shall it be construed, to preclude Bank from pursuing any other remedy provided by law for the collection of any or all of the Indebtedness or for the recovery of any other sum to which Bank may be or become entitled for the breach of this Agreement by Debtor. Nothing in this Agreement shall reduce or release in any way any rights or security interests of Bank contained in any existing agreement between Debtor and Bank, nor shall anything in this Agreement modify the terms of any Indebtedness owing to Bank on a demand basis.
- 4.6 No waiver of default or consent to any act by Debtor shall be effective unless in writing and signed by an authorized officer of Bank. No waiver of any default or forbearance on the part of Bank in enforcing any of its rights under this Agreement shall operate as a waiver of any other default or of the same default on a future occasion or of any rights.
- 4.7 Debtor (a) irrevocably appoints Bank or any employee or agent of Bank (which appointment is coupled with an interest) the true and lawful attorney of Debtor (with full power of substitution) in the name, place and stead of, and at the expense of, Debtor: and (b) authorizes Bank or any agent of Bank, in its own name, at Debtor's

expense, to do any of the following, as Bank, in its sole discretion, deems appropriate:

- (i) to demand, receive, sue for and give receipts or acquittances for any moneys due or to become due on any Collateral (including without limit to draft against Collateral) and to endorse any item representing any payment on or proceeds of the Collateral;
  - (ii) with respect to any Collateral, to assent to any or all extensions or postponements of the time of its payment or any other indulgence in connection with it, to the substitution, exchange, or release of Collateral, to the addition or release of any party primarily or secondarily liable, to the acceptance of partial payments on it and the settlement, compromise or adjustment of it, all in a manner and at times as Bank shall deem advisable;
  - (iii) to make all transfers of all or any part of the Collateral in connection with any sale, lease or other disposition made pursuant to this Agreement;
  - (iv) to adjust and compromise any insurance loss on the Inventory and to endorse checks or drafts payable to Debtor in connection with the insurance;
  - (v) to execute and deliver for value all appropriate bills of sale, assignments and other instruments in connection with any sale, lease or other disposition of the Collateral. Debtor ratifies and confirms all that its said attorney (or any substitute) shall lawfully do under this Agreement. Nevertheless, if requested by Bank or a purchaser or lessee, Debtor shall ratify and confirm any sale, lease or other disposition by executing and delivering to Bank or the purchaser or lessee all proper bills of sale, assignments, releases, leases and other instruments as may be designated in any request; and
  - (vi) to execute and file in the name of and on behalf of Debtor all financing statements or other filings deemed necessary or desirable by Bank to evidence, perfect or continue the security interests granted in this Agreement.
- 4.8 Upon the occurrence of an Event of Default, Debtor also agrees, upon request of Bank, to assemble the Collateral and make it available to Bank at any place designated by Bank which is reasonably convenient to Bank and Debtor.
- 4.9 The following shall be the basis for any finder of fact's determination of the value of any Collateral which is the subject matter of a disposition giving rise to a calculation of any surplus or deficiency under Section 9.615 (f) of the Uniform Commercial Code (as in effect on or after July 1, 2001): (a) the Collateral which is the subject matter of the disposition shall be valued in an "as is" condition as of the date of the disposition, without any assumption or expectation that such Collateral will be repaired or improved in any manner; (b) the valuation shall be based upon an

assumption that the transferee of such Collateral desires a resale of the Collateral for cash promptly (but no later than 30 days) following the disposition; (c) all reasonable closing costs customarily borne by the seller in commercial sales transactions relating to property similar to such Collateral shall be deducted including, without limitation, brokerage commissions, tax prorations, attorneys' fees, whether inside or outside counsel is used, and marketing costs; (d) the value of the Collateral which is the subject matter of the disposition shall be further discounted to account for any estimated holding costs associated with maintaining such Collateral pending sale (to the extent not accounted for in (c) above), and other maintenance, operational and ownership expenses; and (e) any expert opinion testimony given or considered in connection with a determination of the value of such Collateral must be given by persons having at least 5 years experience in appraising property similar to the Collateral and who have conducted and prepared a complete written appraisal of such Collateral taking into consideration the factors set forth above. The "value" of any such Collateral shall be a factor in determining the amount of proceeds which would have been realized in a disposition to a transferee other than a secured party, a person related to a secured party or a secondary obligor under Section 9-615(f).

## **5. Miscellaneous.**

- 5.1 This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of Michigan. Except as otherwise provided in this Agreement, all terms in this Agreement have the meanings assigned to them in Article 9 (or, absent definition in Article 9, in any other Article) of the Uniform Commercial Code, as those meanings may be amended, revised or replaced from time to time. "Uniform Commercial Code" means Act No. 174 of the Michigan Public Acts of 1962, as amended, revised or replaced from time to time, including without limit as amended by Act No. 348 of the Michigan Public Acts of 2000. Notwithstanding the foregoing, the parties intend that the terms used herein which are defined in the Uniform Commercial Code have, at all times, the broadest and most inclusive meanings possible. Accordingly, if the Uniform Commercial Code shall in the future be amended or held by a court to define any term used herein more broadly or inclusively than the Uniform Commercial Code in effect on the date of this Agreement, then such term, as used herein, shall be given such broadened meaning. If the Uniform Commercial Code shall in the future be amended or held by a court to define any term used herein more narrowly, or less inclusively, than the Uniform Commercial Code in effect on the date of this Agreement, such amendment or holding shall be disregarded in defining terms used in this Agreement.
- 5.2 This Agreement shall be terminated only by the filing of a termination statement in accordance with the applicable provisions of the Uniform Commercial Code, but the obligations contained in Section 2.16 of this Agreement shall survive termination. Until terminated, the security interest created by this Agreement shall continue in full force and effect and shall secure and be applicable to all advances now or later made

by Bank to Debtor, whether or not Debtor is indebted to Bank immediately prior to the time of any advance, and to all other Indebtedness.

- 5.3 Notwithstanding any prior revocation, termination, surrender or discharge of this Agreement, the effectiveness of this Agreement shall automatically continue or be reinstated, as the case may be, in the event that any payment received or credit given by the Bank in respect of the Indebtedness is returned, disgorged or rescinded as a preference, impermissible setoff, fraudulent conveyance, diversion of trust funds, or otherwise under any applicable state or federal law, including, without limitation, laws pertaining to bankruptcy or insolvency, in which case this Agreement shall be enforceable against Debtor as if the returned, disgorged or rescinded payment or credit had not been received or given, whether or not the Bank relied upon this payment or credit or changed its position as a consequence of it. In the event of continuation or reinstatement of this Agreement, Debtor agree(s) upon demand by the Bank to execute and deliver to the Bank those documents which the Bank reasonably determines to be appropriate to further evidence (in the public records or otherwise) such continuation or reinstatement, although the failure of Debtor to do so shall not affect in any way the reinstatement or continuation. If Debtor does not execute and deliver to the Bank upon demand such documents, then Bank and each Bank officer is irrevocably appointed (which appointment is coupled with an interest) the true and lawful attorney of Debtor (with full power of substitution) to execute and deliver such documents in the name and on behalf of Debtor.
- 5.4 This Agreement and all the rights and remedies of Bank under this Agreement shall inure to the benefit of Bank's successors and assigns and to any other holder who derives from Bank title to or an interest in the Indebtedness or any portion of it, and shall bind Debtor and the heirs, legal representatives, successors and assigns of Debtor.
- 5.5 If there is more than one Debtor, all undertakings, warranties and covenants made by Debtor and all rights, powers and authorities given to or conferred upon Bank are made or given jointly and severally.
- 5.6 In addition to Bank's other rights, any indebtedness owing from Bank to Debtor can be set off and applied by Bank on any Indebtedness at any time(s) either before or after maturity or demand without notice to anyone. Any such action shall not constitute an acceptance of collateral in discharge of the Indebtedness.
- 5.7 Bank assumes no duty of performance or other responsibility under any contracts contained within the Collateral.
- 5.8 In the event that applicable law shall obligate Bank to give prior notice to Debtor of any action to be taken under this Agreement, Debtor agrees that a written notice given to it at least seven business days before the date of the act shall be reasonable notice of the act and, specifically, reasonable notification of the time and place of any

public sale or of the time after which any private sale, lease or other disposition is to be made, unless a shorter notice period is reasonable under the circumstances. A notice shall be deemed to be given under this Agreement when delivered to Debtor or when placed in an envelope addressed to Debtor and deposited, with postage prepaid, in a post office or official depository under the exclusive care and custody of the United States Postal Service. The mailing shall be registered, certified, or first class mail.

- 5.9 A carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement under the Uniform Commercial Code and may be filed by Bank in any filing office.
- 5.10 No single or partial exercise, or delay in the exercise, of any right or power under this Agreement, shall preclude other or further exercise of the rights and powers under this Agreement.
- 5.11 The unenforceability of any provision of this Agreement shall not affect the enforceability of the remainder of this Agreement.
- 5.12 No amendment or modification of this Agreement shall be effective unless the same shall be in writing and signed by Debtor and an authorized officer of Bank.
- 5.13 This Agreement and the Loan Documents (as defined in the Credit Agreement) constitute the entire agreement of Debtor and Bank with respect to the subject matter of this Agreement.
- 5.14 To the extent that any of the Indebtedness is payable upon demand, nothing contained in this Agreement shall modify the terms and conditions of that Indebtedness nor shall anything contained in this Agreement prevent Bank from making demand, without notice and with or without reason, for immediate payment of any or all of that Indebtedness at any time(s), whether or not an Event of Default has occurred.
- 5.15 Debtor, to the extent not expressly prohibited by applicable law, waives any right to require the Bank to: (a) proceed against any person or property; (b) give notice of the terms, time and place of any public or private sale of personal property security held from Borrower or any other person, or otherwise comply with the provisions of Sections 9-611 or 9-621 of the Uniform Commercial Code; or (c) pursue any other remedy in the Bank's power. Debtor waives notice of acceptance of this Agreement and presentment, demand, protest, notice of protest, dishonor, notice of dishonor, notice of default, notice of intent to accelerate or demand payment of any Indebtedness, any and all other notices to which the undersigned might otherwise be entitled, and diligence in collecting any Indebtedness, and agree(s) that the Bank may, once or any number of times, modify the terms of any Indebtedness, compromise, extend, increase, accelerate, renew or forbear to enforce payment of any

or all Indebtedness, or permit Borrower to incur additional Indebtedness, all without notice to Debtor and without affecting in any manner the unconditional obligation of Debtor under this Agreement. Debtor unconditionally and irrevocably waives each and every defense and setoff of any nature which, under principles of guaranty or otherwise, would operate to impair or diminish in any way the obligation of Debtor under this Agreement, and acknowledges that such waiver is by this reference incorporated into each security agreement, collateral assignment, pledge and/or other document from Debtor now or later securing the Indebtedness, and acknowledges that as of the date of this Agreement no such defense or setoff exists.

**6. Statement of Business Name, Residence and Location of Collateral.**

Debtor warrants, covenants and agrees as follows:

6.1 Debtor represents and warrants that Debtor's exact name is the name set forth in this Agreement. Debtor further represents and warrants the following and agrees that Debtor is, and at all times shall be, located in the following place [mark applicable provision]:

Debtor is an individual, and Debtor is located (as determined pursuant to the Uniform Commercial Code) at Debtor's principal residence which is (street address, state and county or parish): \_\_\_\_\_  
\_\_\_\_\_.

Debtor is a registered organization which is organized under the laws of one of the states comprising the United States (e.g. corporation, limited partnership, registered limited liability partnership or limited liability company), and Debtor is located (as determined pursuant to the Uniform Commercial Code) in the state under the laws of which it was organized, which is (street address, state and county or parish): 323 Newman Street, East Tawas, Michigan 48730.

Debtor is a domestic organization which is not a registered organization under the laws of the United States or any state thereof (e.g. general partnership, joint venture, trust, estate or association), and Debtor is located (as determined pursuant to the Uniform Commercial Code) at its sole place of business or, if it has more than one place of business, at its chief executive office, which is (street address, state and county or parish): \_\_\_\_\_  
\_\_\_\_\_.

Debtor is a registered organization organized under the laws of the United States, and Debtor is located in the state that United States law designates as its location or, if United States law authorizes the Debtor to designate the state for its location, the state designated by Debtor, or if neither of the foregoing are applicable, at the District of Columbia. Debtor is located (as

determined pursuant to the Uniform Commercial Code) at (street address, state and county or parish): \_\_\_\_\_.

\_\_\_ Debtor is a foreign individual or foreign organization or a branch or agency of a bank that is not organized under the laws of the United States or a state thereof. Debtor is located (as determined pursuant to the Uniform Commercial Code) at: \_\_\_\_\_.

- 6.2 Any other places of business of Debtor are indicated below: \_\_\_\_\_.
- 6.3 Debtor's correct legal name is set forth at the end of this Agreement. During the past five years, Debtor has not conducted business under any other name except as set forth in any appropriately labeled schedule attached to this Agreement.
- 6.4 Until Bank is advised in writing by Debtor to the contrary, all notices, requests and demands required under this Agreement or by law shall be given to, or made upon, Debtor at the address indicated in Section 6.1 above.
- 6.5 The Collateral (or any records concerning the Collateral) will be kept at Debtor's address(es) above.
- 6.6 Debtor will give Bank not less than 90 days prior written notice of all contemplated changes in Debtor's name, location, principal place of business, identity, corporate structure, and/or any of the above addresses, but the giving of this notice shall not cure any default caused by this change.

7. **Jury Waiver.**

- 7.1 **DEBTOR AND BANK ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS AGREEMENT OR THE INDEBTEDNESS.**

8. **Special Provisions Applicable to this Agreement.** This Agreement amends and restates in its entirety the Amended and Restated Security Agreement (Accounts, Chattel Paper and Inventory) dated April 13, 2001 from Debtor to Bank; provided that nothing contained herein shall impair the liens and security interests created thereby which liens and security interests continue in full force and effect.

Dated and delivered on:

May 10, 2002

at Detroit, Michigan

**HURON LEASING CORPORATION**

By: \_\_\_\_\_

James George

Its: \_\_\_\_\_

Executive Vice President

STATE OF MICHIGAN     )  
  ) SS:  
COUNTY OF OAKLAND    )

On this 10th day of May, 2002 before me personally appeared James George, to me personally known, who being by me duly sworn, says that he is the Executive Vice President of Huron Leasing Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

OAKLAND County, Michigan

My Commission Expires: 10/28/05

[SEAL]

EXHIBIT "A"

Dated: May 8, 2002

Lake State Railway Company

**Schedule of Buildings and Equipment**

<u>Description</u>	<u>Location</u>	<u>Acquired</u>
<b>Roundhouse and Office*</b>	Alpena	3/1997
Four stall concrete block locomotive repair facility with warehouse and attached office (approx. 17,000 sq ft total). Concrete floors and columns; built-up roof. Built approx. 1950.		
<b>Locomotive Shed and Related Bldgs*</b>	Bay City	3/1997
One stall steel locomotive storage facility (approx. 6400 sq ft). Steel walls, columns, and roof. Concrete floor, steel air compressor shed, locomotive fueling facility, including pump house and storage tank, maintenance shed. Built approx. 1970.		
<b>General Offices**</b>	East Tawas	3/1998
Office furniture and fixtures located at 323 Newman, East Tawas, Michigan. Concrete floors and columns. Flat roof. Built approx. 1960		
<b>In-Track Railroad Scale*</b>	Grayling	3/1997
One 1997 in-track, electronic, railroad car scale.		
<b>Electric Locomotive Jacks**</b>	Alpena	11/1992
Four 1992 Whiting, electric, portable, railroad locomotive screw jacks		
<b>Caterpillar Model 950 Wheel Loader**</b> Serial no. 81J11345. 1987	Bay City	10/1992
<b>Portec Brush Cutter**</b> Serial no. 201. 1986	Bay City	9/1997
<b>Kershaw FFC-C Ballast Regulator**</b> Serial no. 4FW-37. 1952	System	3/1999

<u>Description</u>	<u>Location</u>	<u>Acquired</u>
<b>Jackson 925SS Tie Inserter**</b> Serial no. TE-540. 1992	System	3/1999
<b>Kershaw 12-2 Tie Crane**</b> Serial no. TH-565. 1985	System	3/1999
<b>Kershaw 26-2-1 Ballast Regulator**</b> Serial no. BR-604. 1991	System	3/1999
<b>Case 580K Backhoe**</b> Serial no. JJG0028526. 1992	System	3/1999
<b>Case 580K Backhoe**</b> Serial no. JJG0030958. 1992	System	3/1999
<b>Tamper Corporation Tamper**</b> Serial no. 688902. 1984	System	4/2000
<b>Ford 55A Backhoe**</b> Serial no. C736912. 1985	System	4/2000
<b>Air Compressor **</b> Hyrail Mounted. 1989	System	4/2000
<b>Pandrol Jackson 925 Tie Inserter***</b> 1981	System	5/1999
<b>Jackson Electric Tamper***</b> 1964	System	5/1999
<b>Jackson Portable Tamper***</b> 1964	System	5/1999
<b>Nordberg Hydra-Spiker***</b> 1966	System	5/1999
<b>Safe-Tran Bolt Machine***</b> 1974	System	5/1999
<b>Raco Power Wrench***</b> 1974	System	5/1999

<u>Description</u>	<u>Location</u>	<u>Acquired</u>
<b>Fairmont Rail Trailer***</b> Rebuilt 1998.	System	5/1999
<b>Fairmont Spiker Driver***</b> 1971	System	5/1999
<b>Calorite Rail Welding System***</b> 1984	System	5/1999
<b>Ballast Plow***</b> 1991	System	12/1999
<b>Jackson Tie Crane***</b> 1981	System	1/2000
<b>Jackson 925 Tie Inserter***</b> serial no. 136109. 1981	System	1/2000
<b>Jackson 925 Tie Inserter***</b> serial no. 136110. 1980	System	1/2000
<b>Pandrol Jackson 6000 Tamper***</b> serial no. 135504. 1980	System	1/2000

\* Owned by Lake State Railway Company

\*\* Leased from Huron Leasing Corporation

\*\*\* Under Capital Lease from Tryban Rail Service

All locations are in Michigan.

### Schedule of Locomotives

<u>Unit No.</u>	<u>Builder/Remfg</u>	<u>Model</u>	<u>H.P.</u>	<u>Acquired</u>
LSRC 646	Alco/D&M Rwy	S-1	660	3/1997
LSRC 4610	Alco/D&M Rwy	*	1500	3/1997
LSRC 469	Alco/D&M Rwy	RS-2	1600	3/1997
LSRC 974	Alco/M-K	TE56-4A	1800	3/1997
LSRC 975	Alco/M-K	TE56-4A	1800	3/1997
LSRC 976	Alco/M-K	C420	2000	3/1997
LSRC 1280	Alco/GE	C425-M	2000	3/1997
LSRC 181	Alco/GE	C425-M	2000	3/1997
LSRC 281	Alco/GE	C425-M	2000	3/1997
LSRC 381	Alco/GE	C425-M	2000	3/1997
LSRC 1195	Alco/LSRC	C425-M	2000	1/1998
LSRC 698	Alco/Bombadier	HR-412	2000	5/1998
LSRC 798	Alco/MLW	M-420	2000	5/1998

All locomotives owned by Lake State Railway Company with the exception of LSRC 698 and LSRC 798 which are leased from Huron Leasing Corporation.

#### Key to Abbreviations:

Alco	American Locomotive Company
D&M Rwy	Detroit & Mackinaw Railway Company
M-K	Morrison-Knudsen
GE	General Electric Company
LSRC	Lake State Railway Company
MLW	MLW Industries

## Schedule of Rolling Stock

<u>Series</u>	<u>Description</u>	<u>Year Built</u>	<u>Qty.</u>	<u>Use</u>	<u>Acquired</u>	<u>Car Numbers</u>	<u>AAR Car Type Code</u>
LSRC 5100	Open top hopper, 100 ton capacity, 3 pocket, wine lock doors	1968	45	Seasonal	3/1997	5100 to 5120, inclusive; 5130 to 5134, inclusive; 5136 to 5151, inclusive; and 5154 to 5156, inclusive	H350
LSRC 5400	Open top hopper, 77 ton capacity, 3 pocket, wine lock doors	1957	14	Captive	3/1997	5410; 5420; 5422; 5423; 5428; 5430; 5443; 5447; 5450; 5465; 5486; 5490; 5491; and 5499	H250
LSRC 5500	Open top hopper, 77 ton capacity, 3 pocket, wine lock doors	1956	2	Captive	3/1997	5538 and 5545	H250
LSRC 5700	Open top hopper, 77 ton capacity, 3 pocket, wine lock doors	1960	11	Captive	3/1997	5704; 5706; 5709; 5710; 5719; 5722; 5727; 5728; 5729; 5733 and 5737	H250
LSRC 5800	Open top hopper, 77 ton capacity, 3 pocket, mono lock doors	1957	86	Seasonal	25 in 3/1997 61 in 12/1997	5800 to 5832, inclusive; 5834 to 5844, inclusive; 5846 to 5875, inclusive; 5877 to 5885, inclusive; 5887 to 5890, inclusive	H250
LSRC 5900	Open top hopper, 100 ton capacity, 3 pocket, wine lock doors	1968	97	Seasonal	3/1997	5900 to 5946, inclusive; 5948 to 5960, inclusive; and 5963 to 5999, inclusive	H350
LSRC 7000	Open top hopper, 77 ton capacity, 3 pocket, wine lock doors	1958	30	Captive	3/1997	7001; 7003; 7006 to 7012, inclusive; 7014, 7015; 7017; 7018; 7021; 7022; 7024 to 7027, inclusive; 7029; 7030; 7032; 7034; 7035; 7036; 7038; 7041; 7043; 7044; 7046; and 7048 to 7051, inclusive	H250
LSRC 9600	Open top hopper, 77 ton capacity, 3 pocket, wine lock doors	1951	2	Captive	3/1997	9603 and 9604	H250
LSRC 10000	All door box car, 90 ton capacity		6	Interline	4/1994	10012; 10014; 10017; 10018; 10026	L047

<u>Series</u>	<u>Description</u>	<u>Year Built</u>	<u>Qty.</u>	<u>Use</u>	<u>Acquired</u>	<u>Car Numbers</u>	<u>AAR Car Type Code</u>
LSRC 10100	All door box car, 90 ton capacity		24	Interline	9/1995	10102; 10106; 10109 to 10113, inclusive; 10117; 10119 to 10121, inclusive; 10126 to 10134, inclusive; 10136; 10139 to 10142, inclusive	L047
LSRC 10200	Double door box car, 90 ton capacity		55	Interline	Staged through 1997 & 1998	10200 to 10254, inclusive	A403
LSRC 01-99	Rapid discharge open hoppers, 100 ton capacity	1965	87	Captive	10/2000	1 to 29, inclusive; 31 to 41, inclusive; 43 to 45, inclusive; 47 to 52, inclusive; 54 to 64, inclusive; 67 to 70, inclusive; 73 to 77, inclusive; 79 to 81, inclusive; 83 to 86, inclusive; 88 to 94, inclusive; 96 to 99, inclusive	H350

LSRC 10000, LSRC 10100, LSRC 10200, LSRC 01-99, and 61 of the LSRC 5800 series leased from Huron Leasing Corporation

### Schedule of Vehicles

<u>Description</u>	<u>User/Location</u>	<u>Acquired</u>
1992 Chevy 2500 P/U with hyrail	D-8	9/1999
1985 General Trailer	Bay City	2/1992
1980 Chevy C70 Stake Truck	Locomotive Dept.	2/1992
1996 GMC Yukon	Jim Ancel	1/1999
1993 Bravada	Transportation Dept.	6/1997
1994 Jeep Cherokee with hyrail	Transportation Dept.	12/1997
1991 Ford Pickup	Locomotive Dept.	9/1998
1990 Chevy C1500 Pickup	Bridge Tender	11/1998
1990 Chevy 2500 with hyrail	D-10	2/1999
1990 Chevy 2500 with hyrail	D-11	2/1999
1991 Chevy 2500 with hyrail	D-13	2/1999
1989 Chevy 2500 with hyrail	D-14	2/1999
1984 Ford F800 Boom Truck	Maintenance of Way	3/1999
1989 Ford F350 Utility Truck	Ken Suszek	3/1999
1989 Chevy GMT400 P/U with hyrail	D-53	5/1999
1999 GMC Denali	Richard VanBuskirk	12/1999
1990 Chevy Pickup	Maintenance of Way	5/01
1989 Chevy Pickup	Maintenance of Equipment	5/01
1990 Chevy Pickup	Transportation Dept.	5/01
1996 GMC Jimmy	Transportation Dept.	10/01

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