

MAY 11 '12 -11 35 AM

SURFACE TRANSPORTATION BOARD

SHERRARD
GERMAN & KELLY, P.C.

ATTORNEYS AT LAW

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Phone: 412-355-0200 • Fax: 412-261-6221 • www.sgkpc.com

Eric C. Springer
Direct Dial (412) 258-6713
email: ecs@sgkpc.com

May 10, 2012

Via Overnight Delivery

Surface Transportation Board
395 E Street, S.W.
Washington, DC 20024

Re: Minnesota Zephyr Limited

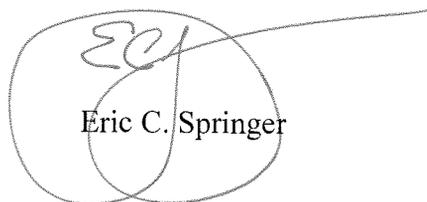
Dear Sir or Madam:

Enclosed for filing one original and ten (10) copies of the Security Agreement (the "Agreement") with respect to the security interest granted to my client, Kovalchick, by Minnesota Zephyr Limited, D.L. Paradeau Marketing, LLC and David L. Paradeau, in railcars and locomotives specified in the Agreement.

Also enclosed is a check in the amount of \$41.00 made payable to "Surface Transportation Board" to cover the cost of processing this filing.

If you have any questions, please feel free to contact me.

Sincerely,



Eric C. Springer

ECS/jeh
Enclosures

MAY 11 '12 -11 35 AM

SURFACE TRANSPORTATION BOARD

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), is made as of May 1, 2012, between **Minnesota Zephyr Limited**, a Minnesota corporation, **D.L. Paradeau Marketing, LLC**, a Florida limited liability company, and **David L. Paradeau** (together, "Debtors") and **Kovalchick Corporation**, a Pennsylvania corporation ("Lender"). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Loan Documents (as hereinafter defined), the terms of which are incorporated by reference as if fully set forth herein.

WITNESSETH:

WHEREAS, Lender has agreed to provide to Debtors a Line of Credit in an amount not to exceed Three Hundred Thirty Thousand Dollars (\$330,000.00) in order to fund certain expenses, as set forth on the Line of Credit Demand Note executed in connection herewith;

WHEREAS, as a condition of Lender providing to Debtors a Line of Credit, a Mortgage and Security Agreement, Line of Credit Demand Note and Amended and Restated Forbearance Agreement (as well as the other Loan Documents as defined therein) (together the "Loan Documents") have been executed in connection herewith; and

WHEREAS, as security for the obligations under the Line of Credit Demand Note as well as any and all other obligations, indebtedness and liabilities of Debtors to Lender, Debtors have agreed to grant a security interest to Lender in certain collateral as set forth in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) "Collateral" shall include all personal property of the Debtors, including the following, all whether now owned or hereafter acquired or arising and wherever located: (i) accounts, accounts receivable (including health-care-insurance receivables and credit card receivables), rights to payment and all other debts, obligations and liabilities in whatever form owing to Debtors from any Person for goods sold by it or for services rendered by it, or however otherwise established or created, all supporting obligations with respect thereto, and all right, title and interest of Debtors in the goods or services which gave rise thereto, including, but not limited to, the right to payment or reimbursement from the State of Minnesota, Department of Natural Resources (or similar agency or

instrumentality) for certain funds advanced to relocate certain railroad rolling stock (as hereinafter described); (ii) securities entitlements, securities accounts, commodity accounts, commodity contracts and investment property; (iii) deposit accounts; (iv) instruments (including promissory notes); (v) documents (including warehouse receipts); (vi) chattel paper (including electronic chattel paper and tangible chattel paper); (vii) inventory, including raw materials, work in process, or materials used or consumed in Debtors' businesses, items held for sale or lease or furnished or to be furnished under contracts of service, sale or lease, goods that are returned, reclaimed or repossessed; (viii) goods of every nature, including stock-in-trade, goods on consignment, and computer programs embedded in such goods; (ix) equipment, including, but not limited to, machinery, vehicles, furniture and those certain pieces of power-driven machinery and equipment, railroad rolling stock, commonly known as the "Minnesota Zephyr", described as follows:

1. 1949 Pullman Coach Car, aka the "Northern Winds Car" with Serial Number 5275;
2. 1949 Pullman Coach Car, aka the "Stillwater Car" with Serial Number 5257;
3. 1949 Pullman Coach Car, aka the "Lakewinds Car" with Serial Number 5262;
4. 1949 Dome Car, aka the "St. Croix Car" with Serial Number 2210;
5. 1938 Dome Lounge Car ex-Amtrak, aka the "Grand Dome Car" with Serial Number 1289;
6. 1976 Ex-Maintenance of Way Baggage Car with Serial Number MZPX 1087;
7. 1950-1951 Model FP-7 16-567BC 1,500 HP EMD Diesel Electric Locomotive with Serial Number 787; and
8. 1950-1951 Model FP-9 EMD Diesel Electric Locomotive with Serial Number 788;

(x) fixtures; (xi) agricultural liens; (xii) as-extracted collateral; (xiii) commercial tort claims, if any, described on Exhibit "A" hereto; (xiv) letter of credit rights; (xv) general intangibles, of every kind and description, including payment intangibles, software, computer information, source codes, object codes, records and data, all existing and future customer lists, choses in action, claims (including claims for indemnification or breach of warranty), books, records, patents and patent applications, copyrights, trademarks, tradenames, tradestyles, trademark applications, goodwill, blueprints, drawings, designs and plans, trade secrets, contracts, licenses, license agreements, formulae, tax and any other types of refunds, returned and unearned insurance premiums, rights and claims under insurance policies; (xvi) all supporting obligations of all of the foregoing property; (xvii) all property of the Debtors now or hereafter in the Lender's possession or in transit to or from, or under the custody or control of, the Lender or any affiliate thereof; (xviii) all cash and cash equivalents thereof; and (xix) all cash and noncash proceeds (including insurance proceeds) of all of the foregoing property, all products thereof and all additions and accessions thereto, substitutions therefor and replacements thereof.

(b) "Obligations" shall include all loans, advances, debts, liabilities, obligations, covenants and duties owing by the Debtors to Lender, of any kind or nature, present or future (including any interest accruing thereon after maturity, or after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding relating to the Debtors, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), whether direct or indirect (including those acquired by assignment or participation), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, whether or not (i) evidenced by any note, guaranty or other instrument, (ii) arising under any agreement, instrument or document, (iii) for the payment of money, (iv) arising by reason of an extension of credit, opening of a letter of credit, loan, equipment lease or guarantee, (v) under any interest or currency swap, future, option or other interest rate protection or similar agreement, (vi) under or by reason of any foreign currency transaction, forward, option or other similar transaction providing for the purchase of one currency in exchange for the sale of another currency, or in any other manner, and (vii) arising out of overdrafts on deposit or other accounts or out of electronic funds transfers (whether by wire transfer or through automated clearing houses or otherwise) or out of the return unpaid of, or other failure of the Lender to receive final payment for, any check, item, instrument, payment order or other deposit or credit to a deposit or other account, or out of the Lender's non-receipt of or inability to collect funds or otherwise not being made whole in connection with depository or other similar arrangements, and any amendments, extensions, renewals and increases of or to any of the foregoing, and all costs and expenses of the Lender incurred in the documentation, negotiation, modification, enforcement, collection and otherwise in connection with any of the foregoing, including attorneys' fees and expenses.

(c) "UCC" means the Uniform Commercial Code, as adopted and enacted and as in effect from time to time in the State of Minnesota. Terms and phrases defined in the UCC are used herein as therein defined except where the context otherwise requires. To the extent the definition of any category or type of collateral is modified by any amendment, modification or revision to the UCC, such modified definition will apply automatically as of the date of such amendment, modification or revision.

2. Grant of Security Interest. To secure the Obligations, the Debtors hereby assign and grant to the Lender a continuing lien on and security interest in the Collateral.

3. Change in Name or Locations. The Debtors hereby agree that if the location of the Collateral changes from the locations listed on Exhibit "A" hereto and made part hereof, or if the Debtors change their names, their types of organization, their states of organization (if Debtors are registered organizations), their principal residences (if Debtors are individuals), their chief executive offices (if Debtors are general partnerships or non-registered organizations) or establish names in which they may do

business that is not listed as a tradename on Exhibit "A" hereto, the Debtors will promptly notify the Lender in writing of the additions or changes.

4. Representations and Warranties. The Debtors represent, warrant and covenant to the Lender that: (a) all information, including their types of organization, jurisdictions of organization, chief executive offices, and (for individuals only) principal residences are as set forth on Exhibit "A" hereto and are true and correct on the date hereof; (b) the Debtors have good, marketable and indefeasible title to the Collateral and the Collateral is free from all encumbrances and rights of setoff of any kind except for any Permitted Liens and the lien in favor of the Lender created by this Agreement; (c) except as herein provided, the Debtors will not hereafter without the Lender's prior written consent sell, pledge, encumber, assign or otherwise dispose of any of the Collateral or permit any right of setoff, lien or security interest to exist thereon except to the Lender or as otherwise permitted in the Loan Documents; (d) the Debtors will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein; (e) each account and general intangible, if included in the definition of Collateral, is genuine and enforceable in accordance with its terms and the Debtors will defend the same against all claims, demands, setoffs and counterclaims at any time asserted; (f) at the time any account or general intangible becomes subject to this Agreement, such account or general intangible will be a good and valid account representing a bona fide sale of goods or services by the Debtors and such goods will have been shipped to the respective account debtors or the services will have been performed for the respective account debtors, and no such account or general intangible will be subject to any claim for credit, allowance or adjustment by any account debtor or any setoff, defense or counterclaim; (g) all filings and other actions necessary or desirable to perfect and protect the Lender's security interest in the Collateral created under this Agreement have been duly made or taken and are in full force and effect, and this Agreement creates in favor of the Lender a valid and, together with such filings and other actions, perfected first priority security interest in the Collateral; and (h) none of the Collateral is or will become a fixture on real estate, unless a sufficient fixture filing is in effect with respect thereto.

5. Debtors' Covenants. The Debtors covenant that they shall:

(a) from time to time with reasonable notice and at such reasonable times and as often as the Lender may reasonably request, if there is no Event of Default, and at any time if an Event of Default has occurred and is continuing, allow the Lender, by or through any of its officers, agents, attorneys, or accountants, to examine or inspect the Collateral, and obtain valuations and audits of the Collateral, at the Debtors' expense, wherever located. The Debtors shall do, obtain, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as the Lender may require to vest in and assure to the Lender its rights hereunder and in or to the Collateral, and the proceeds thereof, including waivers from landlords, warehousemen and mortgagees. The Debtors agree that the Lender has the right to notify (on invoices or otherwise) account debtors and other obligors or payors on any Collateral of its assignment

to the Lender, and that all payments thereon should be made directly to the Lender, and that the Lender has full power and authority to collect, compromise, endorse, sell or otherwise deal with the Collateral in its own name or that of the Debtors.

(b) keep the Collateral in good order and repair at all times and promptly notify the Lender of any event causing a material loss or decline in value of the Collateral, whether or not covered by insurance, and the amount of such loss or depreciation;

(c) only use or permit the Collateral to be used in accordance with all applicable federal, state, county and municipal laws and regulations;

(d) promptly pay all taxes and other governmental charges levied or addressed upon or against any Collateral or upon or against the creation, perfection or continuance of the security interests;

(e) have and maintain insurance required by the Loan Documents. Each such casualty insurance policy shall contain a standard Lender's loss payable clause issued in favor of the Lender under which all losses thereunder shall be paid to the Lender as the Lender's interests may appear (it being understood that so long as no Event of Default has occurred and is continuing, Lender shall deliver any proceeds of such insurance which may be received by it to Debtors). Such policies shall expressly provide that the requisite insurance cannot be altered or canceled without at least thirty (30) days prior written notice to the Lender and shall insure the Lender notwithstanding the act or neglect of the Debtors. Upon the Lender's demand, the Debtors shall furnish the Lender with duplicate original policies of insurance or such other evidence of insurance as the Lender may require. In the event of failure to provide insurance as herein provided, the Lender may, at its option, obtain such insurance and the Debtors shall pay to the Lender, on demand, the cost thereof. Proceeds of insurance may be applied by the Lender to reduce the Obligations or to repair or replace Collateral, all in the Lender's sole discretion.

6. Negative Pledge; No Transfer. The Debtors will not sell or offer to sell (except for sales collections of accounts in the Debtors' ordinary course of business) or otherwise transfer or grant or allow the imposition of a lien or security interest upon the Collateral, will not allow any third party to gain control of all or any part of the Collateral, and will not use any portion thereof in any manner inconsistent with this Agreement or with the terms and conditions of any policy of insurance thereon.

7. Covenants for Accounts. If accounts are included in the definition of Collateral:

(a) The Debtors will, on the Lender's demand, make notations on its books and records showing the Lender's security interest and make

available to the Lender shipping and delivery receipts evidencing the shipment of the goods that gave rise to an account, completion certificates or other proof of the satisfactory performance of services that gave rise to an account, a copy of the invoice for each account and copies of any written contract or order from which an account arose. The Debtors shall promptly notify the Lender if an account becomes evidenced or secured by an instrument or chattel paper and upon the Lender's request, will promptly deliver any such instrument or chattel paper to the Lender, including any letter of credit delivered to the Debtors to support a shipment of inventory by the Debtors.

(b) The Debtors will promptly advise the Lender whenever an account debtor refuses to retain or returns any goods from the sale of which an account arose and will comply with any instructions that the Lender may give regarding the sale or other disposition of such returns. From time to time with such frequency as the Lender may reasonably request, the Debtors will report to the Lender all credits given to account debtors on all accounts.

(c) The Debtors will promptly notify the Lender if any account arises out of contracts with the United States or any department, agency or instrumentality thereof, and will execute any instruments and take any steps required by the Lender so that all monies due and to become due under such contract shall be assigned to the Lender and notice of the assignment given to and acknowledged by the appropriate government agency or authority under the Federal Assignment of Claims Act.

(d) At any time after the occurrence and during the continuation of an Event of Default, and without notice to the Debtors, the Lender may direct any persons who are indebted to the Debtors on any Collateral consisting of accounts or general intangibles to make payment directly to the Lender of the amounts due. The Lender is authorized to collect, compromise, endorse and sell any such Collateral in its own name or in the Debtors' names and to give receipts to such account debtors for any such payments and the account debtors will be protected in making such payments to the Lender. Upon the Lender's written request, the Debtors will establish with such bank or financial institution as the Lender shall direct and maintain a lockbox account ("Lockbox") with such bank or financial institution and a depository account(s) ("Cash Collateral Account") with such bank or financial institution subject to the provisions of this subparagraph and such other related agreements as the Lender may require, and the Debtors shall notify its account debtors to remit payments directly to the Lockbox. Thereafter, funds collected in the Lockbox shall be transferred to the Cash Collateral Account, and funds in the Cash Collateral Account may be applied by the Lender, daily, to reduce the outstanding Obligations.

8. Further Assurances. By their signatures hereon, the Debtors hereby irrevocably authorize the Lender to execute (on behalf of the Debtors) and file against the

Debtors one or more financing, continuation or amendment statements pursuant to the UCC and/or the requirements of the Office of Surface Transportation Board in form satisfactory to the Lender, and the Debtors will pay the cost of preparing and filing the same in all jurisdictions in which such filing is deemed by the Lender to be necessary or desirable in order to perfect, preserve and protect its security interests. If required by the Lender, the Debtors will execute all documentation necessary for the Lender to obtain and maintain perfection of its security interests in the Collateral. If any Collateral consists of letter of credit rights, electronic chattel paper, deposit accounts or supporting obligations not maintained with the Lender or one of its affiliates, or any securities entitlement, securities account, commodities account, commodities contract or other investment property, then at the Lender's request the Debtors will execute, and will use commercially reasonable efforts to cause the depository institution or securities intermediary upon whose books and records the ownership interest of the Debtors in such Collateral appears, to execute such pledge agreements, notification and control agreements or other agreements as the Lender deems necessary in order to perfect, prioritize and protect its security interest in such Collateral, in each case in a form reasonably satisfactory to the Lender.

9. Events of Default and Remedies. Upon the occurrence and the continuation of any Event of Default, the Lender shall have all of the rights provided to it under the Loan Documents and, in addition to any remedies provided herein or by any applicable law or in equity, all the remedies of a secured party under the UCC. The Lender's remedies include, but are not limited to, the right to (a) peaceably by its own means or with judicial assistance enter the Debtors' premises and take possession of the Collateral without prior notice to the Debtors or the opportunity for a hearing, (b) render the Collateral unusable, (c) dispose of the Collateral on the Debtors' premises, (d) require the Debtors to assemble the Collateral and make it available to the Lender at a place designated by the Lender and (e) notify the United States Postal Service to send the Debtors' mail to the Lender. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Lender will give the Debtors reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of commercially reasonable notice shall be met if such notice is sent to the Debtors at least ten (10) days before the time of the intended sale or disposition. Expenses of retaking, holding, preparing for disposition, disposing or the like shall include the Lender's reasonable attorneys' fees and legal expenses, incurred or expended by the Lender to enforce any payment due it under this Agreement either as against the Debtors, or in the prosecution or defense of any action, or concerning any matter growing out of or connection with the subject matter of this Agreement and the Collateral pledged hereunder. The Debtors waive all relief from all appraisal or exemption laws now in force or hereafter enacted.

10. Power of Attorney. The Debtors do hereby make, constitute and appoint any officer or agent of the Lender as the Debtors' true and lawful attorney-in-fact, strictly for the purpose of carrying out the terms of this Agreement, with power to (a) endorse the name of the Debtors or any of the Debtors' officers or agents upon any notes, checks,

drafts, money orders, or other instruments of payment or Collateral that may come into the Lender's possession in full or part payment of any Obligations; (b) sue for, compromise, settle and release all claims and disputes with respect to, the Collateral; and (c) sign, for the Debtors, such documentation required by the UCC and/or the Office of Surface Transportation Board, or supplemental intellectual property security agreements; granting to the Debtors' said attorney full power to do any and all things necessary to be done in and about the premises as fully and effectually as the Debtors might or could do. The Debtors hereby ratify all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest, and is irrevocable.

11. Payment of Expenses. At its option, the Lender may discharge taxes, liens, security interests or such other encumbrances as may attach to the Collateral, may pay for required insurance on the Collateral and may pay for the maintenance, appraisal or reappraisal, and preservation of the Collateral, as determined by the Lender to be necessary. The Debtors will reimburse the Lender promptly for any payment so made or any expense incurred by the Lender pursuant to the foregoing authorization, and the Collateral also will secure any advances or payments so made or expenses so incurred by the Lender.

12. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder shall be given in accordance with the notice provisions of the Loan Documents.

13. Preservation of Rights. No delay or omission on the Lender's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Lender's action or inaction impair any such right or power. The Lender's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Lender may have under other agreements, at law or in equity.

14. Illegality. If any provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, it shall not affect or impair the validity, legality and enforceability of the remaining provisions of this Agreement.

15. Changes in Writing. No modification, amendment or waiver of, or consent to any departure by the Debtors from, any provision of this Agreement will be effective unless made in a writing signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Debtors will entitle the Debtors to any other or further notice or demand in the same, similar or other circumstance.

16. Entire Agreement. This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

17. Counterparts. This Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of signature page to this Agreement by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Agreement by facsimile or electronic transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile or electronic transmission.

18. Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the Debtors and the Lender and their respective heirs, successors and assigns; provided, however, that the Debtors may not assign this Agreement in whole or in part without the Lender's prior written consent and the Lender at any time may assign this Agreement in whole or in part.

19. Interpretation. In this Agreement, unless the Lender and the Debtors otherwise agree in writing, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections) or exhibits are to those of this Agreement; and references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent such amendments and other modifications are not prohibited by the terms of this Agreement. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. Unless otherwise specified in this Agreement, all accounting terms shall be interpreted and all accounting determinations shall be made in accordance with Generally Accepted Accounting Principles. If this Agreement is executed by more than one Debtor, the obligations of such persons or entities will be joint and several.

20. Indemnity. The Debtors agree to indemnify the Lender, each legal entity, if any, who controls the Lender and each of their respective directors, officers, employees and agents (the "Indemnified Parties") and to hold each Indemnified Party harmless from and against any and all claims, damages, losses, liabilities and expenses (including all documented fees and charges of internal or external counsel, to the extent not duplicative, with whom any Indemnified Party may consult and all expenses of litigation and preparation therefor) which any Indemnified Party may incur or which may be asserted against any Indemnified Party by any person, entity or governmental authority (including any person or entity claiming derivatively on behalf of the Debtors), in connection with or arising out of or relating to the matters referred to in this Agreement or the Obligations, whether (a) arising from or incurred in connection with any breach of a representation, warranty or covenant by the Debtors, or (b) arising out of or resulting from any suit, action, claim, proceeding or governmental investigation, pending or

threatened, whether based on statute, regulation or order, or tort, or contract or otherwise, before any court or governmental authority; provided, however, that the foregoing indemnity agreement shall not apply to any claims, damages, losses, liabilities and expenses solely attributable to an Indemnified Party's gross negligence or willful misconduct. The indemnity agreement contained in this Section shall survive the termination of this Agreement, payment of the Obligations and assignment of any rights hereunder. The Debtors may participate at their expense in the defense of any such claim.

21. Governing Law and Jurisdiction. This Agreement has been delivered to and accepted by the Lender and will be deemed to be made in the Commonwealth of Pennsylvania. **THIS AGREEMENT WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, EXCEPT THAT THE LAWS OF THE STATE WHERE ANY COLLATERAL IS LOCATED (IF DIFFERENT FROM THE COMMONWEALTH OF PENNSYLVANIA) SHALL GOVERN THE CREATION, PERFECTION AND FORECLOSURE OF THE LIENS CREATED HEREUNDER ON SUCH PROPERTY OR ANY INTEREST THEREIN.** The Debtors hereby irrevocably consent to the exclusive jurisdiction of any state or federal court in the county or judicial district where the Lender's office indicated above is located; provided that nothing contained in this Agreement will prevent the Lender from bringing any action, enforcing any award or judgment or exercising any rights against the Debtors individually, against any security or against any property of the Debtors within any other county, state or other foreign or domestic jurisdiction. The Lender and the Debtors agree that the venue provided above is the most convenient forum for both the Lender and the Debtors. The Debtors waive any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

22. WAIVER OF JURY TRIAL. **EACH OF THE DEBTORS AND THE LENDER IRREVOCABLY WAIVES ANY AND ALL RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE DEBTOR AND THE LENDER ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.**

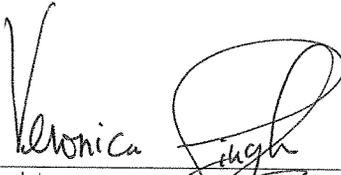
23. REVIEW BY COUNSEL. **DEBTORS ACKNOWLEDGE THAT THEY HAVE HAD THE OPPORTUNITY TO REVIEW THE TERMS OF THIS SECURITY AGREEMENT WITH COUNSEL OF THEIR OWN CHOOSING.**

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The Debtors acknowledge that they have read and understood all the provisions of this Agreement, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

WITNESS the due execution of this Security Agreement, as of the date first written above.

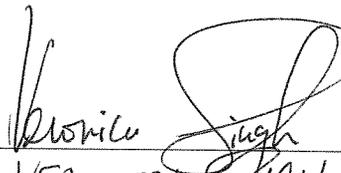
WITNESS/ATTEST:


VERONICA SINGH

Minnesota Zephyr Limited,
a Minnesota corporation

By: 
David L. Paradeau, President/CEO

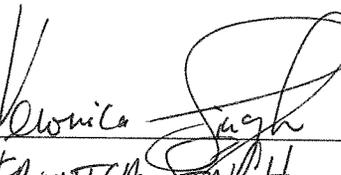
WITNESS/ATTEST:


VERONICA SINGH

D.L. Paradeau Marketing, LLC,
a Florida limited liability company

By: 
David L. Paradeau, Chief Manager/
President

WITNESS:

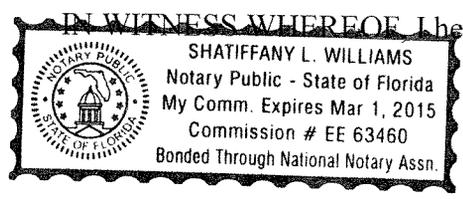

VERONICA SINGH

DAVID L. PARADEAU



STATE OF Florida)
COUNTY OF Palm Beach) SS:

On this 1st day of May, 2012, before me, a Notary Public, the undersigned officer, personally appeared David L. Paradeau, who acknowledged himself to be the President/CEO of **MINNESOTA ZEPHYR**, a Minnesota corporation, known to me, or satisfactorily proven, to be the person whose name is subscribed to the within instrument and acknowledged that he as such officer, being authorized to do so, executed the foregoing instrument as the President/CEO of **MINNESOTA ZEPHYR** for the purposes therein contained.

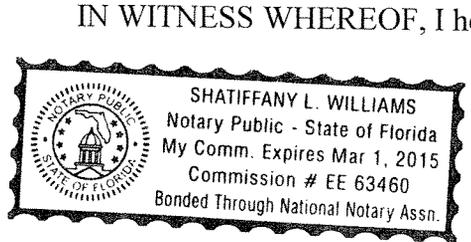


Shatiffany L. Williams
Notary Public

MY COMMISSION EXPIRES:

STATE OF Florida)
COUNTY OF Palm Beach) SS:

On this 1st day of May, 2012, before me, a Notary Public, the undersigned officer, personally appeared David L. Paradeau, who acknowledged himself to be the Chief Manager/President of **D.L. PARADEAU MARKETING, LLC**, a Florida limited liability company, known to me, or satisfactorily proven, to be the person whose name is subscribed to the within instrument and acknowledged that he as such officer, being authorized to do so, executed the foregoing instrument as the Chief Manager/President of **D.L. PARADEAU MARKETING, LLC** for the purposes therein contained.

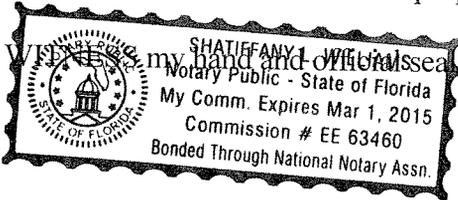


Shatiffany L. Williams
Notary Public

MY COMMISSION EXPIRES:

STATE OF Florida)
COUNTY OF Palm Beach) SS:

On this 1st day of May, 2012, before me, a Notary Public in and for said State and County, personally appeared **DAVID L. PARADEAU**, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within Instrument, and acknowledged that he executed the same for the purposes therein contained.



Shatiffany Williams
Notary Public

MY COMMISSION EXPIRES:

Certificate of Residence

I, Eric C. Springer, hereby certify that the precise place of business of the within named Mortgagee is: Kovalchick Corporation, 1060 Wayne Avenue, P.O. Box 279, Indiana, PA 15701.

Eric C. Springer

This instrument was drafted by:

Eric C. Springer, Esquire
Sherrard, German & Kelly, P.C.
28th Floor, Two PNC Plaza
620 Liberty Avenue
Pittsburgh, PA 15222

EXHIBIT A

All that part of Tract 2 as described on the Certificate of Title number 65, and delineated upon the map marked "Exhibit B" attached thereto, as the same is recorded in the office of the Registrar of Titles of Washington County, Minnesota, described as follows:

Commencing at the intersection of the easterly line of Main Street and the northerly line of Laurel Street, as shown on the plat of the Original Town, now City of Stillwater, as amended by Myron Shepard's Perfected Plat of the City of Stillwater dated May 21, 1878; thence North 08 degrees 36 minutes 08 seconds East assumed bearing, along said easterly line of Main street 48.00 feet; thence South 81 degrees 23 minutes 52 seconds East along a line hereinafter referred to as "Line A" 18 feet to the point of beginning of the parcel being described; thence North 07 degrees 24 minutes 09 seconds East 447.07 feet; thence northeasterly 209.25 feet along a non-tangential curve concave to the northwest having a radius of 284.57 feet, a central angle 42 degrees 07 minutes 50 seconds and the chord of said curve bears North 32 degrees 29 minute 03 seconds East; thence North 11 degrees 25 minutes 08 seconds East, along tangent, 35.93 feet, more or less, to the easterly line of said Tract 2, Certificate of Title Number 65; thence South 04 degrees 55 minutes 28 seconds West along said easterly line 635.47 feet; thence southerly 18.56 feet along said easterly line on a tangential curve concave to the east, having a radius of 2873.93 and a central angle of 00 degrees 22 minutes 12 seconds, to said northerly line of Laurel Street; thence South 72 degrees 51 minutes 06 seconds West along said northerly line 26.15 feet, more or less, to a point 124.00 feet easterly, as measured along said northerly line from said easterly line of Main Street; thence South 12 degrees 12 minutes 16 seconds West along said easterly line of tract 2. a distance of 28.68 feet more or less to the centerline of said Laurel Street; thence South 72 degrees 51 minutes 06 seconds West along said centerline 84.25 feet, more or less, to the intersection with a line drawn parallel with and 34.00 feet easterly, as measured at right angles, of said easterly line of Main Street; thence North 08 degrees 36 minutes 08 seconds East parallel with said easterly line 59.36 feet, more or less, to the intersection with an easterly projection of the before described "Line A"; thence North 81 degrees 23 minutes 52 seconds West along said projected line 16.00 feet to the point of beginning.

EXHIBIT "A"
TO SECURITY AGREEMENT

1. Debtors' forms of organization (i.e., corporation, partnership, limited liability company):

Minnesota Zephyr Limited – Corporation

D.L. Paradeau Marketing, LLC – limited liability company

2. Debtors' States of organization, if registered organizations (i.e., corporation, limited partnership or limited liability company):

Minnesota Zephyr Limited – Minnesota

D.L. Paradeau Marketing, LLC – Florida

3. Debtors' principal residences, if natural persons or general partnerships:

David L. Paradeau - 10242 Heronwood Lane, West Palm Beach, FL 33412

4. Addresses of Debtors' chief executive offices, including the Counties:

Minnesota Zephyr Limited – 601 N. Main St., Stillwater, MN 55082

D.L. Paradeau Marketing, LLC – 601 N. Main St., Stillwater, MN 55082

5. Other names or tradenames now or formerly used by the Debtors:

Minnesota Zephyr, Stillwater Depot