



RECORDATION NO 30706 FILED
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 SURFACE TRANSPORTATION BOARD
 TLC FEDERAL CREDIT UNION
 COMMERCIAL SECURITY AGREEMENT

ACCOUNT# 10029452

LOAN # 141

Grantor(s):
 Oregon Coast Scenic Railroad
 PO Box 669
 Tillamook, OR 97141

Borrower(s):
 Oregon Coast Scenic Railroad
 PO Box 669
 Tillamook, OR 97141

THIS COMMERCIAL SECURITY AGREEMENT is entered into between Grantor and TLC Federal Credit Union ("Lender").

Indebtedness. Borrower has executed a Commercial Note and Loan Agreement (the "Indebtedness") in favor of Lender dated **04/24/2013**

Collateral. Grantor grants Lender a security interest in the following specifically described property (the "Collateral"):

1950 Great Northern #274 Locomotive Model # F7 Shop # 11066 With 567C Block with 645 Power Packs Engine
1946 General Electric Valley & Siletz # 8 Locomotive Shop # 28340 with 2 – Caterpillar DI7000 Engine
2127 Wilson River Passenger Car

1. Security Interest. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

2. Definitions. The following words shall have the following meanings when used in this Agreement.

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

2.2 Collateral. The word "Collateral" means the above specifically described property, whether now owned or hereafter acquired by Grantor at any or all of its locations, whether now existing or hereafter arising, and wherever located. Grantor agrees collateral securing this indebtedness may secure other commercial loan indebtedness of the Borrower named above. In addition, the word "Collateral" includes all of the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

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

2.3 Event of Default. The words "Event of Default" mean and include any of the Events of Default set forth below in the section titled "Events of Default."

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

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

2.6 Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments and documents whether now or hereafter existing, executed in connection with Borrower's indebtedness to Lender, which are incorporated herein and made a part of this Agreement by this reference.

3. Obligations of Grantor. Grantor warrants and covenants to Lender as follows:

3.1 Perfection of Security Interest. Grantor agrees to execute financing statements and to take whatever other actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper. Lender may at any time, and without further authorization from Grantor, file a copy of this Agreement as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral. This is a continuing Security Agreement and will continue in effect even though all or any part of the Indebtedness is paid in full and even though for a period of time Borrower may not be indebted to Lender.

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

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

3.4 Removal of Collateral. Grantor will keep the Collateral (or to the extent the Collateral consists of intangible property such as accounts, the records concerning the Collateral) at Grantor's address shown above, or at such other locations as are acceptable to Lender. Except in the ordinary course of business (including sales of inventory), Grantor shall not remove the Collateral from its existing locations without the prior written consent of Lender. To the extent that the Collateral consists of vehicles, or other titled property, Grantor shall not take or permit any action, which would require registration of the vehicle outside the State of Oregon, without the prior written consent of Lender.

3.5 Transactions Involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. A sale in the ordinary course of Grantor's business does not include a transfer in partial or total satisfaction of a debt or any bulk sale. Grantor shall not pledge, mortgage, encumber, or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender.

3.6 Title. Grantor warrants that it holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

3.7 Collateral Schedules and Locations. Insofar as the Collateral consists of inventory, Grantor shall deliver to Lender, as often as Lender shall require, such lists, descriptions, and designations of such Collateral as Lender may require to identify the nature, extent, and location of such Collateral.

3.8 Maintenance and Inspection of Collateral. Grantor shall maintain all tangible Collateral in good condition and repair. Grantor will not commit or permit damage to or destruction of the Collateral or any part of the Collateral.

April 25, 2013 06:38 PM

Lender and its designated representatives and agents shall have the right at all reasonable times to examine, inspect, and audit the Collateral wherever located. Grantor shall immediately notify Lender of all cases involving the return, rejection, repossession, loss or damage of or to any Collateral; of any request for credit or adjustment or of any other dispute arising with respect to the Collateral; and generally of all happenings and events affecting the Collateral or the value or the amount of the Collateral.

3.9 Taxes, Assessments, and Liens. Grantor will pay when due all taxes, assessments, and liens upon the Collateral its use or operation. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond, or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorney fees, or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest, Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

3.10 Compliance With Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, and regulations of all governmental authorities applicable to the use of the Collateral. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in Collateral, in Lender's opinion, is not jeopardized.

3.11 Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement a lien on the Collateral, used for the generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous substance, as those terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 49 U.S.C. Section 6901, et seq., or other applicable state or federal laws, or regulations adopted pursuant to any of the foregoing or intended to protect human health or the environment ("Environmental Laws"). The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for hazardous waste. Grantor hereby (a) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (b) agrees to indemnify and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of the Agreement or as a result of a violation of any Environmental Laws. This obligation to indemnify shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

3.12 Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, casualty, theft, and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages, and basis reasonably acceptable to Lender and issued by a company or companies reasonably satisfactory to Lender. Grantor upon request of Lender will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be canceled or diminished without at least ten (10) days' prior written notice to Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if it so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

WARNING

Unless Grantor provides Lender with evidence of the insurance coverage as required herein, Lender may purchase insurance at Grantor's expense to protect Lender's interest. This insurance may, but need not, also protect Grantor's interest. If the Collateral becomes damaged, the coverage Lender purchases may not pay any claim Grantor makes or any claim made against Grantor. Grantor may later cancel this coverage by providing evidence that Grantor has obtained property coverage elsewhere.

Grantor is responsible for the cost of any insurance purchased by Lender. The cost of this insurance may be added to the Note balance. If the cost is added to the Note balance, the interest rate on the Note will apply to this added amount. The effective date of coverage may be the date Grantor's prior coverage lapsed or the date Grantor failed to provide proof of coverage.

The coverage Lender purchases may be considerably more expensive than insurance Grantor can obtain on Grantor's own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

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

3.14 Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

4. Covenants. Grantor and Borrower covenant and agree with Lender that, while this Agreement is in effect, Borrower and Grantor shall:

4.1 Financial Records. Maintain its books and records in accordance with generally accepted accounting principles, applied on a consistent basis, and permit Lender to examine and audit Borrower's and Grantor's books and records at all reasonable times.

4.2 Financial Statements. Furnish Lender with, as soon available, but in no event later than thirty (30) days after the end of each fiscal year, Borrower's and Grantor's balance sheets and income statements for the year ended, and, as soon as available, but in no event later than 10 days after the end of each month, Borrower's and Grantor's balance sheets and profit and loss statements for the period ended, prepared and certified as correct to the best knowledge and believe by a person knowledgeable as to Borrower's and Grantor's financial affairs. All financial reports required to be provided under this Agreement shall be prepared in accordance with generally accepted accounting principles, applied on a consistent basis, and certified by Borrower or Grantor as being true and correct. Furnish such additional information and statements, lists of assets and liabilities, budgets, forecasts, and other reports with respect to Borrower's and Grantor's financial condition and business operations as Lender may request from time to time.

4.3 Operations. Pay its debts as they come due and conduct its business affairs in a reasonable and prudent manner and in compliance with all applicable federal, state, and municipal laws, ordinances, rules, and regulations respecting its properties, charters, businesses, and operations, including compliance with all minimum funding and other requirements relating to Borrower's or Grantor's employee benefit plans.

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

6. Events of Default. Each of the following are events of default under this Agreement:

6.1 Default on Indebtedness. Failure of Borrower to make any payment when due on the Indebtedness.

6.2 Defaults. Failure of Grantor or Borrower to comply with or to perform any other term, obligation, covenant, or condition contained in any other agreement between Lender and Borrower.

6.3 False Statements. Any warranty, representation, or statement made or furnished to Lender by or on behalf of Grantor or borrower under this Agreement is false or misleading in any material respect, either now or at the time made or furnished.

6.4 Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral documents to create a valid and perfected security interest or lien) at any time and for any reason.

6.5 Insolvency. The death of Grantor or Borrower unless the obligations arising hereunder and the Related Documents have been unconditionally assumed by the Grantor's or Borrower's estate in a manner satisfactory to Lender or the dissolution or termination of Grantor or Borrower's existence as a going business, the insolvency of Grantor or Borrower, the appointment of a receiver for any part of Grantor or Borrower's property, any assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor or Borrower.

6.6 Creditor Proceedings. Commencement of foreclosure, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or Borrower against the Collateral or any other collateral securing the Indebtedness. This includes a garnishment of any of Grantor or Borrower's deposit account with Lender.

6.7 Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor of the Note seeks, claims, or otherwise attempts to limit, modify, or revoke such Guarantor's guaranty with Lender or such Guarantor dies or becomes incompetent unless the obligations arising hereunder and the Related Documents have been unconditionally assumed by the Guarantor's estate in a manner satisfactory to Lender.

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

7. Lender's Rights and Remedies on Default. If an Event of Default occurs under this Agreement, and at any time thereafter, Lender shall have the rights of a secured party under the Oregon Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and or remedies:

7.1 Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Borrower would be required to pay, immediately due and payable.

7.2 Sell the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender which is reasonably convenient to both parties. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in its own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline rapidly in value or is of a type customarily sold on a recognized market, Lender will give Grantor reasonable notice of the time after which any private sale or any other intended disposition of the Collateral is to be made unless Grantor has signed, after an Event of Default occurs, a statement renouncing or modifying Grantor's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

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

7.4 Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income and revenues from the Collateral. Lender may at any time in its discretion transfer any Collateral into

its own name or that of its nominee and receive the payments, rents income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

7.5 Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

7.6 Other Rights and Remedies. Lender shall have all the rights and remedies of a secured credit under the provisions of the Oregon Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all rights and remedies it may have available at law, in equity, or otherwise.

7.7 Cumulative Remedies. All of Lender's rights and remedies, whether evidenced by this Agreement or the Related Documents or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor or Borrower under this Agreement, after Grantor or Borrower's failure to perform, shall not affect Lender's right to declare a default and to exercise its remedies.

8. Miscellaneous Provisions. The following miscellaneous provisions are a part of this Agreement:

8.1 Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration or amendment of this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

8.2 Applicable Law. This Agreement has been delivered to Lender and accepted by Lender in the State of Oregon. If there is a lawsuit, Grantor and Borrower agree upon Lender's request to submit to the jurisdiction of the courts of Tillamock County, State of Oregon. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. GRANTOR HEREBY WAIVES THE RIGHT TO ANY JURY TRIAL.

8.3 Attorney Fees; Expenses. Grantor and Borrower agree to pay upon demand all of Lender's costs and expenses, including attorney fees and legal expenses, incurred in connection with the enforcement of this Agreement. Lender may pay someone else to help enforce this Agreement, and Grantor and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorney fees and legal expenses whether or not there is a lawsuit, including attorney fees and legal expenses for bankruptcy proceedings (and including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor and Borrower also shall pay all court costs and such additional fees as may be directed by the court.

8.4 Notices. All notices required to be given under this Agreement shall be in writing and shall be effective when actually delivered or when deposited in the United States mail, first class postage prepaid, addressed to the other party at the address shown above. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. To the extent permitted by applicable law, if there is more than one Grantor or Borrower, notice to any Grantor or Borrower will constitute notice to all Grantor and Borrowers. For notice purposes, Grantor or Borrower agrees to keep Lender informed at all times of Grantor or Borrower's current address(es).

8.5 Power of Attorney. Grantor hereby appoints Lender as its true and lawful attorney-in-fact, irrevocably, with full power of substitution to do the following: to execute any documents necessary to protect or to continue the security interest granted in this Agreement; to demand, collect, receive, receipt for, sue and recover all sums of money or other property which may now or hereafter become due, owing or payable from the Collateral; to execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in payment for the

Collateral; to settle or compromise any and all claims arising under the Collateral, and, in the place and stead of Grantor, to execute and deliver its release and settlement for the claim; and to file any claim or claims or to take any action or institute or take part in proceedings, either in its own name or in the name of Grantor, or otherwise, which in the discretion of Lender may seem to be necessary or advisable. This power is given as security for the Indebtedness, and the authority hereby conferred is and shall be irrevocable and shall remain in full force and effect until renounced by Lender.

8.6 Severability. If a court of competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable, that provision, if feasible, shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and enforceable.

8.7 Successor Interests. Subject to the limitations set forth above on transfer of the Collateral, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns.

8.8 Waiver. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Agreement shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

8.9 Waiver of Co-obligor's Rights. If more than one person is obligated for the Indebtedness, Borrower irrevocably waives, disclaims and relinquishes all claims against such other person which borrower has or would otherwise have by virtue of payment of the Indebtedness or any part thereof, specifically including by not limited to all rights of indemnity, contribution or exoneration.

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US AFTER OCTOBER 3, 1989, CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY US TO BE ENFORCEABLE.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SECURITY AGREEMENT, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTORS:

BY:



Scott R. Wickert

BY:



Timothy G. Thompson

TITLE: President

DATE: 04/24/2013

TITLE: Secretary

DATE: 04/24/2013