

to wit: First, to pay off and satisfy in full the indebtedness of Knox to the financial institution for monies borrowed by Knox upon his One Hundred Forty Thousand and no/100 (\$140,000.00) Dollars secured line of credit; Second, if the amount of Knox's indebtedness satisfied by the above-described application and transfer of collateral shall be less than One Hundred Forty Thousand and no/100 (\$140,000.00) Dollars, then Custodian shall immediately transfer to Knox bonds and securities having an aggregate market value equal to the difference between One Hundred Forty Thousand and no/100 (\$140,000.00) Dollars and the amount of Knox's indebtedness as satisfied by the above-described application and transfer of collateral. Third, following the above-described applications, payments and transfers to Knox and/or the lending institution any and all remaining bonds and securities deposited by Principals pursuant to the terms of this Agreement shall be returned to Principals. It is understood that any transfer of collateral as aforesaid whereby the indebtedness of Knox is satisfied shall in no way detract from Knox's right to maintain an action for damages as a result of a breach of the aforementioned lease and /or a breach of this Agreement, but that such a transfer would merely serve to offset some of the damages which Knox would incur as a result thereof. The Principals shall hold the Custodian harmless against any and all claims which might arise out of a transfer of the collateral pursuant to this Item 6 and will indemnify the Custodian for any expenses, legal or otherwise as a result of any breach, protracted negotiations or litigation for any disagreements relating to such transfer. It is agreed that in the event of a default by Principals in the performance of this Agreement or of the Lease Agreement among Principals and Knox, any and all liability on the part of Knox to Custodian or to the financial institution involved in making loans upon Knox's aforementioned line of credit shall be satisfied solely and exclusively out of collateral deposited by Principals with Custodian and that Custodian or the appropriate financial institution does waive any and all rights to proceed against Knox with respect to any claim of deficiency.

If the within described default on the part of Principals should occur, Principals shall be given thirty (30) days from the above-described transfer of collateral to Knox from Custodian in which to pay Knox an additional Sixty Thousand and no/100 (\$60,000.00) Dollars, in addition to any and all lease payments which may be due and owing upon the aforesaid Lease Agreement. Principals shall likewise reimburse Knox

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