

FORM PTO-1619A
Expires 06/30/99
OMB 0651-0027

11-23-1998

U.S. Department of Commerce
Patent and Trademark Office
PATENT



M2D

100909187

11-17-98

RECORDATION FORM COVER SHEET PATENTS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

☒ New

☐ Resubmission (Non-Recordation)

Document ID#

☐ Correction of PTO Error

Reel #

Frame #

☐ Corrective Document

Reel #

Frame #

Conveyance Type

☐ Assignment

☒ Security Agreement

☐ License

☐ Change of Name

☐ Merger

☐ Other

U.S. Government
(For Use ONLY by U.S. Government Agencies)

☐ Departmental File

☐ Secret File

Conveying Party(ies)

☐ Mark if additional names of conveying parties attached

Name (line 1) GROUNDWATER CONTROL, INC.

Execution Date
Month Day Year
09 01 98

Name (line 2)

Second Party

Name (line 1)

Execution Date
Month Day Year

Name (line 2)

Receiving Party

☐ Mark if additional names of receiving parties attached

Name (line 1) GOODRICH & PENNINGTON MORTGAGE FUND, INC.

☐ If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Name (line 2)

Address (line 1) 1293 LINCOLN PARK WAY

Address (line 2)

Address (line 3) GLENBROOK

NEVADA

89413

City

State/Country

Zip Code

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name LEWIS T. SWEET, JR.

Address (line 1) 8080 NORTH CENTRAL EXPRESSWAY

Address (line 2) SUITE 1380

Address (line 3) DALLAS, TEXAS 75206

Address (line 4)

FOR OFFICE USE ONLY

11/20/1998 DNGUYEN 00000306 5701692

01 FC:581

40.00 OP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

PATENT
REEL: 9586 FRAME: 0490

FORM PTO-1619B
Expires 05/30/99
OMB 0651-0027

Page 2

U.S. Department of Commerce
Patent and Trademark Office
PATENT

Correspondent Name and Address

Area Code and Telephone Number 214-528-1454

Name LEWIS T. SWEET, JR.

Address (line 1) 8080 NORTH CENTRAL EXPRESSWAY

Address (line 2) SUITE 1380

Address (line 3) DALLAS, TEXAS 75206

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

16

Application Number(s) or Patent Number(s)

☐ Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)

Patent Number(s)

			5701692		

If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor.

Month Day Year

Patent Cooperation Treaty (PCT)

Enter PCT application number only if a U.S. Application Number has not been assigned.

PCT PCT PCT
PCT PCT PCT

Number of Properties

Enter the total number of properties involved.

1

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): \$ 40.00

Method of Payment:
Deposit AccountEnclosed ☒ Deposit Account ☐

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes ☐ No ☒

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

LEWIS T. SWEET, JR.

Name of Person Signing

Lewis T. Sweet Jr.

Signature

11 18 98

Date

SECURITY AGREEMENT

THIS AGREEMENT is executed as of September 1, 1998, by **ENVIRONMENTAL CORPORATION OF AMERICA**, a Delaware corporation (**Parent/Debtor**), and the other undersigned debtors (**Subsidiary/Debtors**), for the benefit of **GOODRICH & PENNINGTON MORTGAGE FUND, INC.**, a Delaware corporation in its capacity as Lender under the Loan Agreement described below (**Secured Party**).

Environmental Corporation of America, a Delaware corporation (**Borrower**), and Secured Party have executed the Loan Agreement (the **Loan Agreement**) dated as of the date hereof in connection with a Loan in the amount of \$1,250,000.00 from Secured Party to Borrower. Borrower owns all the issued and outstanding capital stock of each Subsidiary/Debtor. The execution and delivery of this agreement are conditions precedent to Secured Party's obligations to extend credit under the Loan Agreement.

For sufficient consideration, Parent/Debtor and Subsidiary/Debtors jointly and severally agree with Secured Party as follows:

1. Definitions. Terms defined in the Loan Agreement or the UCC have the same meanings when used, unless otherwise defined, in this agreement. If the definition given a term in the Loan Agreement conflicts with the definition given that term in the UCC, then the Loan Agreement definition controls to the extent allowed by Law. If the definition given a term in Chapter 9 of the UCC conflicts with the definition given that term in any other chapter of the UCC, then the Chapter 9 definition controls. As used in this agreement:

Accounts means all of a Debtor's present and future accounts, Instruments, receivables, accounts receivable, Chattel Paper, Documents, and book debts arising from its sale or lease of goods or rendition of services, including, without limitation, all present and future (a) amounts due to it from a factor, (b) returned, reclaimed, refused, or repossessed goods, and (c) books and records pertaining to, and security and guaranties for, any of the foregoing.

Collateral is defined in Paragraph 4 below.

Debtors means Parent/Debtor and Subsidiary/Debtors.

Loan Agreement is defined in the recitals to this agreement.

Merger Rights means all claims and rights of ECOA under its merger agreement with Miami Tank which survive the closing of such merger.

Obligor means any Person obligated with respect to any of the Collateral, whether as a party to a contract, an account debtor, issuer of any securities, or otherwise.

Parent/Debtor is defined in the preamble to this agreement.

Secured Obligation means the OBLIGATION (as defined in the Loan Agreement), including, without limitation, all present and future indebtedness, liabilities, and obligations of Debtors arising under this agreement, and all present and future costs, attorneys' fees, and expenses reasonably incurred by Secured Party to enforce Debtors' or any other obligor's payment of any of the Obligation.

Secured Party is defined in the preamble to this agreement and includes its successors and assigns.

Security Interest means the security interests granted and the transfers, pledges, and assignments made under **Paragraph 2** below, which is a LENDER Lien, as defined in the Loan Agreement.

Subsidiary/Debtors is defined in the preamble to this agreement.

UCC means the Uniform Commercial Code as adopted in Nevada or any other applicable jurisdiction.

2. **Security Interest.** To secure the prompt and complete payment and performance of the Secured Obligation when due, each Debtor grants to Secured Party a security interest in the Collateral identified for it in **Paragraph 4** below and pledges and collaterally transfers and assigns that Collateral to Secured Party, all upon and subject to the terms and conditions of this agreement. If the grant, pledge, or collateral transfer or assignment of any specific item of the Collateral is expressly prohibited by any contract, then the Security Interest nonetheless remains effective to the extent allowed by UCC § 9.318, Nevada Revised Statutes §104.9318, or other applicable Laws but is otherwise limited by that prohibition.

3. **No Assumption or Modification.** The Security Interest is given as security only in order to secure the prompt and complete payment and performance of the Secured Obligation when due. Secured Party does not assume and may not become liable for any of Debtor's liabilities, duties, or obligations under or in connection with the Collateral. Neither Secured Party's acceptance of this agreement nor its taking any action in carrying out this agreement constitutes Secured Party's approval of the Collateral or Secured Party's assumption of any obligation under or in connection with the Collateral. This agreement does not affect or modify any Debtor's obligations with respect to any Collateral.

4. **Collateral.** The term Collateral means the following items and types of property, wherever located and now or in the future acquired or existing:

a. **Property.** For each Debtor, those items listed on the **Annexes** hereto; and

b. **Proceeds.** All cash and noncash proceeds of any Collateral, including, without limitation, all cash, accounts, general intangibles, documents, instruments, chattel paper, goods, and any other property received upon the sale or disposition of any other Collateral and all insurance proceeds of any kind paid at any time in connection with any other Collateral.

5. **Fraudulent Conveyance.** Notwithstanding any contrary provision, each Debtor agrees that, if, but for the application of this paragraph, any of the Secured Obligation or the Security Interest would constitute a preferential transfer under 11 U.S.C. § 547, a fraudulent conveyance under 11 U.S.C. § 548, or a fraudulent conveyance or transfer under any state fraudulent conveyance, fraudulent transfer, or similar Laws in effect from time to time, then the Secured Obligation and Security Interest remain enforceable to the maximum extent possible without causing any of the Secured Obligation or the Security Interest to be a fraudulent conveyance, and this agreement is automatically amended to carry out the intent of this paragraph.

6. **Representations and Warranties.** Debtors jointly and severally represent and warrant to Secured Party that:

a. **Binding Obligation.** This agreement creates a legal, valid, and binding Lender Lien in and to the Collateral in favor of Secured Party and enforceable against the Debtor owning that Collateral. For Collateral in which the Security Interest may be perfected by the filing of Financing Statements, once

those Financing Statements have been properly filed in the appropriate jurisdictions, the Security Interest in that Collateral will be fully perfected. Once perfected, the Security Interest will constitute a first-priority Lender Lien on the Collateral, subject only to Permitted Liens. The creation of the Security Interest does not require the consent of any Person that has not been obtained.

b. **Locations.** The attached **Annexes** accurately describe (i) the location of each Debtor's principal place of business and chief executive office, (ii) if different from **clause (i)**, the one or more locations of its books and records concerning its Accounts, (iii) the locations where any of its Inventory and Equipment (except when temporarily in the hands of a third-party contractor for processing and until sold in the ordinary course of business) is currently and will subject to **Paragraph 7(b)** below, in the future be maintained. Except as stated in **clause (iii)** above, each Debtor's Inventory is currently and will be in its possession. All Instruments and Chattel Paper have been delivered to Secured Party.

c. **Accounts.** Each Debtor's Accounts (i) arise from its sales or rendition of services, (ii) are due to that Debtor, and (iii) are not subject to any setoff, counterclaim, defense, allowance, adjustment (other than discounts for prompt payment shown on the invoice), dispute, objection, or complaint by any obligor that could reasonably be expected to result in a Material Adverse Event.

d. **Additional Collateral.** The foregoing representations and warranties will be true and correct in all respects with respect to any additional Collateral or additional specific descriptions of certain Collateral delivered to Secured Party in the future by any Debtor.

The failure of any of these representations or warranties to be accurate and complete does not impair the Security Interest in any Collateral.

7. **Covenants.** Until the Secured Obligation is fully paid and performed, each Debtor jointly and severally covenants and agrees with Secured Party that, without first obtaining Secured Party's written consent to the contrary:

a. **Loan Agreement.** Each Debtor shall comply with and perform all covenants and agreements in the Loan Agreement that are applicable to it or its assets or operations, each of which is ratified and confirmed.

b. **Certain Relocations and Changes.** Each Debtor shall give Secured Party thirty (30) days written notice before any proposed (i) relocation of its principal place of business or chief executive office, (ii) change of its name, (iii) relocation of the place where its books and records concerning its Accounts are kept, and (iv) relocation of any Collateral (other than delivery of Inventory in the ordinary course of business to third party contractors for processing and sales of Inventory in the ordinary course of business or as permitted by the Loan Agreement) to a location not described on the attached **Annexes**.

c. **Estoppel and Other Agreements and Matters.** Within 120 days after the date of this agreement and at all times after that time, each Debtor shall either (unless waived by Secured Party) (i) cause the landlord or lessor for each location where any of its Inventory or Equipment is maintained to execute and deliver to Secured Party an estoppel and subordination agreement in such form as may be reasonably acceptable to Secured Party and its special counsel, or (ii) deliver to Secured Party a legal opinion or other evidence (in each case that is reasonably satisfactory to Secured Party and its special counsel) that neither the applicable lease nor the Laws of the jurisdiction in which that location is situated provide for contractual, common law, or statutory landlord's Liens that is senior to or pari passu with the Security Interest.

d. **Other Notices and Actions**. Each Debtor shall promptly notify Secured Party of (i) any change in its corporate name, (ii) any change in any material fact or circumstance represented or warranted by any Debtor with respect to any of the Collateral, and (iii) any material claim, action, or proceeding challenging the Security Interest or affecting title to all or any portion of the Collateral or the Security Interest (and, at Secured Party's request, such Debtor shall appear in and defend any such action or proceeding at such Debtor's expense). In case of any default or event of default by any other party under or in connection with any portion (individually or collectively) of the Collateral, Debtor shall immediately use best efforts to remedy the same or immediately demand that the same be remedied).

e. **Record of Collateral**. Each Debtor shall maintain at its chief executive office a current record of where all of its Collateral is located and permit Secured Party or its Representatives to inspect and make copies from those records pursuant to the Loan Agreement and furnish to Secured Party upon request, from time to time, such documents, lists, descriptions, certificates, and other information necessary or helpful to keep Secured Party informed with respect to the identity, location, status, condition, terms of, parties to, and value of the Collateral.

f. **Collateral In Trust**. While a Default or Potential Default exists, each Debtor shall upon request of Secured Party (unless prevented by operation of Law from making that request, in which event each Debtor shall) (i) hold in trust (and not commingle with its other assets) for Secured Party all of its Collateral that is Chattel Paper, Instruments, Documents of title, or proceeds from Accounts (if Secured Party has exercised its rights under **Paragraph 8 (e)** of this agreement), at any time received by it, (ii) promptly deliver that Collateral to Secured Party unless Secured Party at its option gives Debtor written permission to retain any of it, and (iii) cause each Chattel Paper, Instrument, or Document of title so retained to be marked to state that it is assigned to Secured Party and each Instrument to be endorsed to the order of Secured Party (but failure to be so marked or endorsed may not impair the Security Interest in any such Collateral).

g. **Perform Obligation**. Each Debtor shall perform all of its obligations under or in connection with all of its Collateral in accordance with customary business practices.

h. **Impairment of Collateral**. If it would constitute a Material Adverse Event, no Debtor may do or permit any act that is reasonably likely to adversely impair the value or usefulness of any portion of any Collateral.

8. **Remedies Upon Default**. While a Default exists, Secured Party is, subject to the Loan Agreement, entitled to exercise any one or more of the following rights:

a. **Rights**. Secured Party may exercise any and all rights available to a secured party under the UCC, in addition to any and all other rights afforded by this agreement and the other Loan Documents, at law, in equity, or otherwise, including, without limitation (i) requiring Debtors to assemble Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to the applicable Debtor and Secured Party, (ii) applying by appropriate judicial proceedings for appointment of a receiver for Collateral, (iii) applying to the Secured Obligation any cash held by Secured Party under this agreement, (iv) reducing any claim to judgment, (v) exercising the rights of offset against the interest of each Debtor in and to every account and other property of each Debtor in Secured Party's possession to the extent of the full amount of the Secured Obligation, (vi) foreclosing the Security Interest and any other Liens Secured Party may have or otherwise realize upon any and all of the rights Secured Party may have in and to Collateral, and (vii) bringing suit or other proceedings before any

Tribunal either for specific performance of any covenant or condition contained in any of the Loan Documents or in aid of the exercise of any right granted to Secured Party in any Loan Document.

b. **Notice.** If any Collateral threatens to decline speedily in value or is of the type customarily sold on a recognized market, Secured Party may sell or otherwise dispose of that Collateral without notification, advertisement, or other notice of any kind. Otherwise, reasonable notice of the time and place of any public sale of the Collateral, or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to Debtor and to any other Person entitled to notice under the UCC. Notice sent or given not less than ten calendar days prior to the taking of the action to which the notice relates is reasonable notice. It is not necessary that the Collateral be at the location of the sale.

c. **Other Sales.** Secured Party's sale of less than all Collateral does not exhaust Secured Party's rights under this agreement and Secured Party is specifically empowered to make successive sales until all Collateral is sold. If the proceeds of a sale of less than all Collateral is less than the Secured Obligation, then this agreement and the Security Interest remain in full force and effect as to the unsold portion of the Collateral just as though no sale had been made. In the event any sale under this agreement is not completed or is, in Secured Party's opinion, defective, that sale does not exhaust Secured Party's rights under this agreement, and Secured Party is entitled to cause a subsequent sale or sales to be made. All statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale under this agreement, whether about nonpayment of the Secured Obligation, the occurrence of any Default, Secured Party's having declared all of the Secured Obligation to be due and payable, notice of time, place, and terms of sale and the properties to be sold having been duly given, or any other act or thing having been duly done by Secured Party, shall be taken as prima facie evidence of the truth of the facts so stated and recited. Secured Party may appoint or delegate any one or more Persons as agent to perform any act or acts necessary or incident to any sale held by Secured Party, including the sending of notices and the conduct of sale, but such acts must be done in the name and on behalf of Secured Party.

d. **Obligors.** While a Default exists, Secured Party may notify or require each Obligor to make payment directly to Secured Party, and Secured Party may take control of the proceeds paid to Secured Party. Until Secured Party elects to exercise these rights, each Debtor is authorized to collect and enforce the Collateral and to retain and expend all payments made on Collateral. While Secured Party is entitled to and elects to exercise these rights, Secured Party has the right in its own name or in the name of the applicable Debtor to (i) compromise or extend time of payment with respect to Collateral for such amounts and upon such terms as Secured Party may reasonably determine, (ii) demand, collect, receive, receipt for, sue for, compound, and give acquittance for any and all amounts due or to become due with respect to Collateral, (iii) take control of cash and other proceeds of any Collateral, (iv) endorse the applicable Debtor's name on any notes, acceptances, checks, drafts, money orders, or other evidences of payment on Collateral that may come into Secured Party's possession, (v) sign the applicable Debtor's name on any invoice or bill of lading relating to any Collateral, on any drafts against Obligors or other Persons making payment with respect to Collateral, on assignments and verifications of accounts or other Collateral, and on notices to Obligors making payment with respect to Collateral, (vi) send requests for verification of obligations to any Obligor, and (vii) do all other acts and things reasonably necessary to carry out the intent of this agreement. If any Obligor fails to make payment on any Collateral when due while a Default exists, Secured Party is authorized, in its sole discretion, either in its own name or in the applicable Debtor's name, to take such action as Secured Party reasonably shall deem appropriate for the collection of any amounts owed with respect to Collateral or upon which a delinquency exists. However, Secured Party is neither (x) liable for its failure to collect, or for its failure to exercise diligence in the

collection of, any amounts owed with respect to Collateral (except for its own fraud, gross negligence, willful misconduct, or violation of any Law), nor (y) under any duty whatever to anyone except the applicable Debtor to account for funds that it shall actually receive under this agreement. A receipt given by Secured Party to any Obligor is a full and complete release, discharge, and acquittance to that Obligor, to the extent of any amount so paid to Secured Party. While a Default exists, Secured Party may apply or set off amounts paid and the deposits against any liability of the applicable Debtor to Secured Party. Regarding the existence of any Default for purposes of this agreement, each Debtor agrees that the Obligors on any Collateral may rely upon written certification from Secured Party that a Default exists.

e. **Power-of-Attorney**. Secured Party is deemed to be irrevocably appointed as each Debtor's agent and attorney-in-fact with all right to enforce all of that Debtor's rights under or in connection with the Collateral effective and operable at all times while a Default exists. All costs, expenses and liabilities incurred and all payments made by Secured Party as that Debtor's agent and attorney-in-fact (including, without limitation, reasonable attorney's fees and expenses) are considered a loan by Secured Party to that Debtor that is repayable on demand, accrues interest at the Default Rate until paid, and is part of the Secured Obligation.

f. **Application of Proceeds**. While a Default exists, Secured Party shall apply the proceeds of any sale or other disposition of Collateral in the following order: (i) payment of all its reasonable expenses incurred in retaking, holding, and preparing any Collateral for disposition, in arranging for such disposition, and in actually disposing of the same (all of which are part of the Secured Obligation); (ii) repayment of amounts reasonably expended by Secured Party under **Paragraph 9** below; (iii) payment of the balance of the Secured Obligation in the order and manner specified in the Loan Agreement; and (iv) delivery either (A) to Parent/Debtor for the account of all Debtors or (B) as a court of competent jurisdiction may direct.

9. Other Rights

a. **Performance**. If any Debtor fails to preserve the priority (subject to Permitted Liens) of the Security Interest in any Collateral or otherwise fails to perform any of its obligations under any Loan Document with respect to any Collateral, then Secured Party may, at its option, but without being required to do so, after five Business Days written notice to Debtors, if Secured Party in its reasonable judgment deems it necessary, prosecute or defend any suits in relation to the Collateral or take any other action that such Debtor is required, but has failed, to take. Any amount that is expended or paid by Secured Party in connection with the foregoing (including, without limitation, court costs and reasonable attorneys' fees and expenses) bears interest at the Default Rate from the date spent or incurred until repaid and is payable (with that interest) by Debtors to Secured Party upon demand and is part of the Secured Obligation.

b. **Collateral in Secured Party's Possession**. If, while a Default exists, any Collateral comes into Secured Party's possession, Secured Party may use that Collateral for the purpose of preserving it or its value pursuant to the order of a court of appropriate jurisdiction or in accordance with any other rights held by Secured Party in respect of that Collateral. Debtors jointly and severally covenant to promptly reimburse and pay to Secured Party, at Secured Party's request, the amount of all reasonable expenses, costs, Taxes, and other charges incurred by Secured Party in connection with its custody and preservation of that Collateral, all of which bear interest at the Default Rate from the date spent or incurred until repaid and are (with that interest) payable by Debtors to Secured Party upon demand and are part of the Secured Obligation. Except for Secured Party's own fraud, gross negligence, or willful misconduct (i) the risk of accidental loss or damage to, or diminution in value of, any Collateral is on Debtors, (ii) Secured Party has no liability for failure to obtain or maintain insurance or to determine whether any insurance in

effect is adequate as to amount or risks insured, (iii) Secured Party has no duty to fix or preserve rights against any Obligors in respect of any Collateral and is never liable for any failure to use diligence to collect any amount payable in respect of any Collateral (other than to account to Debtors for what Secured Party may actually collect or receive).

c. **Certain Proceeds.** The provisions of this clause (c) are applicable only while a Default exists. Any cash proceeds of any Collateral that come into Secured Party's possession (including, without limitation, insurance proceeds) may, at Secured Party's option, be applied in whole or in part to the Secured Obligation (to the extent then due), be fully or partially released to or under the written instructions of that applicable Debtor for any general or specific purpose, or be fully or partially retained by Secured Party as additional Collateral. Any cash Collateral in Secured Party's possession may be invested by Secured Party in certificates of deposit issued by any state or national bank having combined capital and surplus greater than \$100,000,000 or in securities issued or guaranteed by the United States of America or any of its agencies. Secured Party is never obligated to make any investment and never has any liability to any Debtor for any loss that may result from any investment or non-investment. All interest and other amounts earned from any investment may be dealt with by Secured Party in the same manner as other cash Collateral.

d. **INDEMNIFICATION.** DEBTORS JOINTLY AND SEVERALLY ASSUME ALL LIABILITY FOR ALL COLLATERAL, FOR THE SECURITY INTEREST, AND FOR ANY USE, POSSESSION, MAINTENANCE, AND MANAGEMENT OF, ALL COLLATERAL (INCLUDING, WITHOUT LIMITATION, ANY TAXES ARISING AS A RESULT OF, OR IN CONNECTION WITH, THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT) AND JOINTLY AND SEVERALLY AGREE TO ASSUME LIABILITY FOR, AND TO INDEMNIFY AND HOLD SECURED PARTY AND ITS REPRESENTATIVES (THE INDEMNIFIED PARTIES) HARMLESS FROM AND AGAINST, AND DEFEND EACH INDEMNIFIED PARTY AGAINST, ALL CLAIMS, CAUSES OF ACTION, OR LIABILITY, FOR INJURIES TO OR DEATHS OF PERSONS AND DAMAGE TO PROPERTY HOWSOEVER ARISING FROM OR INCIDENT TO SUCH USE, POSSESSION, MAINTENANCE, AND MANAGEMENT (WHETHER SUCH PERSONS BE AGENTS OR EMPLOYEES OF DEBTOR OR OF THIRD PARTIES, OR SUCH DAMAGE BE TO PROPERTY OF DEBTOR OR OF OTHERS) AND ALL CLAIMS, COSTS, PENALTIES, LIABILITIES, AND EXPENSES, INCLUDING, WITHOUT LIMITATION, COURT COSTS AND ATTORNEYS' FEES, HOWSOEVER ARISING OR INCURRED BECAUSE OF, INCIDENT TO, OR WITH RESPECT TO COLLATERAL OR ANY USE, POSSESSION, MAINTENANCE, OR MANAGEMENT OF IT (THE INDEMNIFIED LIABILITIES). HOWEVER, NO INDEMNIFIED PARTY IS ENTITLED TO INDEMNITY UNDER THIS PARAGRAPH FOR ITS OWN GROSS NEGLIGENCE, WILLFUL MISCONDUCT, OR FRAUD OR FOR ANY INDEMNIFIED LIABILITY ARISING FROM ITS ACTIONS AFTER SECURED PARTY HAS FORECLOSED THE SECURITY INTEREST OR ACCEPTED CONVEYANCE IN LIEU OF FORECLOSURE OR (EXCEPT FOR THE PLEDGED SECURITIES) TAKEN POSSESSION OF ANY COLLATERAL. The provisions of this paragraph survive the payment and performance of the Secured Obligation and the release of the Security Interest. The foregoing indemnity shall be subject to the provisions of Section 8.10 of the Loan Agreement.

e. **Cumulative Rights.** All rights available to Secured Party under this agreement are cumulative of and in addition to all other rights granted to Secured Party at law or in equity, whether or not the Obligation is due and payable and whether or not Secured Party has instituted any suit for collection, foreclosure, or other action in connection with the Loan Documents.

10. Miscellaneous.

a. **Term.** This agreement terminates when the Secured Obligation is fully paid and performed. No Obligor on any Collateral is obligated to inquire about the termination of this agreement and is fully protected in making payments directly to Secured Party if **Section 8(d)** applies, which payments Secured Party shall pay to Parent/Debtor on behalf of Debtors after termination of this agreement.

b. **No Release.** Neither the Security Interest, any Debtor's obligations, nor Secured Party's rights under this agreement are released, diminished, impaired, or adversely affected by the occurrence of any one or more of the following events: (i) the taking or accepting of any other security or assurance for any Secured Obligation; (ii) any release, surrender, exchange, subordination, or loss of any security or assurance at any time existing in connection with any Secured Obligation; (iii) the modification of, amendment to, or waiver of compliance with any terms of any other Loan Document without the consent of Debtors except as required in that Loan Document; (iv) any present or future insolvency, bankruptcy, or lack of corporate or trust power of any party at any time liable for the payment of any Secured Obligation; (v) except as specifically required by any other Loan Document, any renewal, extension, or rearrangement of the payment of any Secured Obligation (either with or without notice to or consent of any Debtor) or any adjustment, indulgence, forbearance, or compromise that may be granted or given by Secured Party to any Debtor; (vi) any neglect, delay, omission, failure, or refusal of Secured Party to take or prosecute any action in connection with any agreement, document, guaranty, or instrument evidencing, securing, or assuring the payment of any Secured Obligation; (vii) any failure of Secured Party to notify any Debtor of any renewal, extension, or assignment of any Secured Obligation, or the release of any security under any other document or instrument, or of any other action taken or not taken by Secured Party against any Debtor, or any new agreement between Secured Party and any Debtor, it being understood that, except as expressly required by the Loan Agreement, Secured Party is not required to give any Debtor any notice of any kind under any circumstances with respect to or in connection with the Secured Obligation, including, without limitation, notice of acceptance of this agreement or any Collateral ever delivered to or for the account of Secured Party under this agreement; (viii) the illegality, invalidity, or unenforceability of any Secured Obligation against any third party obligated with respect to it by reason of the fact that the Secured Obligation, or the interest paid or payable with respect to any of it, exceeds the amount permitted by Laws, the act of creating any of it is ultra vires, or the officers, partners, or trustees creating any of it acted in excess of their authority, or for any other reason; or (ix) if any payment by any party obligated with respect to any Secured Obligation is held to constitute a preference under applicable Laws or for any other reason Secured Party is required to refund any payment on any Secured Obligation or pay the amount of it to someone else.

c. **Waivers.** To the maximum extent lawful, except to the extent expressly otherwise provided in this agreement or in any other Loan Document, Debtors jointly and severally waive (i) any right to require Secured Party to proceed against any other Person, to exhaust rights in Collateral, or to pursue any other right that Secured Party may have; (ii) with respect to the Secured Obligation, presentment and demand for payment, protest, notice of protest and nonpayment, notice of acceleration, and notice of intent to accelerate; and (iii) all rights of marshaling in respect of any Collateral.

d. **Financing Statement.** Secured Party may at any time file this agreement (or a carbon, photographic, or other reproduction of this agreement) as a financing statement, but the failure of Secured Party to do so does not impair the validity or enforceability of this agreement.

e. **Loan Document.** This agreement is a Loan Document and is subject to the applicable provisions of the Loan Agreement, all of which are incorporated in this agreement by reference the same as if set forth in this agreement verbatim.

f. **Communications.** For purposes of notices and communications as described in Section 12.2 of the Loan Agreement, the parties' addresses and telecopy number are as follows:

If to Borrower: Environmental Corporation of America
11511 Phillips Highway,
Jacksonville, Florida 32256
Attn: Vijay Fozdar
Fax: 904-886-3777

If to Miami Tank: Miami Tank Manufacturing, Inc.
11511 Phillips Highway,
Jacksonville, Florida 32256
Attn: Vijay Fozdar
Fax: 904-886-3777

If to HydroPro: HydroPro, Inc.
11511 Phillips Highway,
Jacksonville, Florida 32256
Attn: Vijay Fozdar
Fax: 904-886-3777

If to GCI: Groundwater Control, Inc.
11511 Phillips Highway,
Jacksonville, Florida 32256
Attn: Vijay Fozdar
Fax: 904-886-3777

If to Lender: Goodrich & Pennington Mortgage Fund, Inc.
1293 Lincoln Park Way
Glenbrook, Nevada 89413
Attn: Paul Pennington
Fax: (702) 586-9057

g. **Amendments.** No amendment, waiver, or discharge of any part of this agreement is valid unless it is in writing and is signed by the party against whom it is sought to be enforced and is otherwise in conformity with the requirements of Section 12.9 of the Loan Agreement.

h. **ENTIRETY.** THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS TO WHICH ANY DEBTOR IS PARTY REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

i. **Parties.** This agreement benefits Secured Party and its successors and assigns and binds each Debtor and its successors and assigns. The rights of Secured Party under this agreement may be transferred with any assignment of the Secured Obligation.

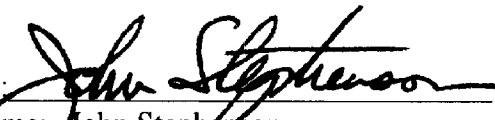
j. **GOVERNING LAW.** THE LAWS OF THE STATE OF NEVADA AND OF THE UNITED STATES OF AMERICA SHALL GOVERN THE RIGHTS AND DUTIES OF THE PARTIES TO THIS AGREEMENT EXCEPT TO THE EXTENT THAT THE LAWS OF THE JURISDICTION WHERE ANY COLLATERAL IS LOCATED MUST NECESSARILY APPLY TO THE ENFORCEMENT OR FORECLOSURE OF THE COLLATERAL LOCATED IN THAT JURISDICTION.


EXECUTED as of the date first stated above.

DEBTORS:

Environmental Corporation of America

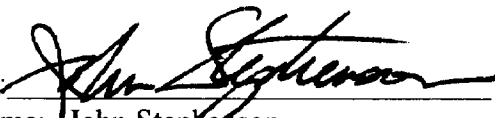
Miami Tank Manufacturing, Inc.

By: 
Name: John Stephenson
Title: Authorized Signatory

By: 
Name: John Stephenson
Title: Authorized Signatory

HydroPro, Inc.

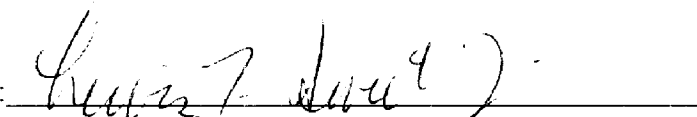
Groundwater Control, Inc.

By: 
Name: John Stephenson
Title: Authorized Signatory

By: 
Name: John Stephenson
Title: Authorized Signatory

SECURED PARTY

GOODRICH & PENNINGTON MORTGAGE FUND, INC.

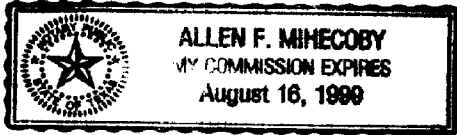
By: 
Name: Lewis T. Sweet, Jr.
Title: Authorized Signatory

STATE OF TEXAS

COUNTY OF DALLAS

The foregoing instrument was acknowledged before me on November 13, 1998, by John Stephenson, Authorized Signatory for Environmental Corporation of America, a Delaware corporation, Miami Tank Manufacturing, Inc., a Nevada corporation, HydroPro, Inc., a Florida corporation, and Groundwater Cotnrol, Inc., a Florida corporation, who is personally known to me and acknowledged that he executed the foregoing document on behalf of all such corporations.

Allen F. Mihecoby
Notary Public, State of Texas



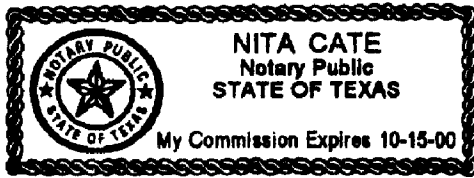
STATE OF TEXAS

COUNTY OF DALLAS

The foregoing instrument was acknowledged before me on November 16, 1998, by Lewis T. Sweet, Jr., Authorized Signatory for Goodrich & Pennington Mortgage Fund, Inc., a Nevada corporation, who is personally known to me and acknowledged that he executed the foregoing document on behalf of such corporation.

Nita Cate

Notary Public, State of Texas



ECOA ANNEX

Principal office of ECOA: 11511 Phillips Highway,
Jacksonville, Florida 32256

Location of Records: 11511 Phillips Highway,
Jacksonville, Florida 32256

Description of Collateral: All of the issued and outstanding shares of stock of Miami Tank.

The 50% of the issued and outstanding shares of the capital stock of HydroPro subject to a security interest in favor of Bernard D. Mohlenhoff.

The 50% of the issued and outstanding shares of the capital stock of HydroPro subject to a security interest securing a note in the original principal sum of \$600,000.00 payable to William K. Hendershaw only to be effective if and when the granting of such security interest would not be a default under such pledge and note.

All claims and rights of ECOA under its merger agreement with Miami Tank which survive the closing of such merger.

MIAMI TANK ANNEX

Principal office of Miami Tank: 11511 Phillips Highway,
Jacksonville, Florida 32256

Location of Records: 11511 Phillips Highway,
Jacksonville, Florida 32256

Description of Collateral: All of Miami Tank's Documents, Equipment, General Intangibles, Instruments, and Inventory (subject to the security interest in favor of Kevin Mulvey and except for those resulting from the sale of Miami Tank's products and services) described in this Agreement, together with all cash and noncash proceeds of any such Collateral, including, without limitation, all cash, accounts, general intangibles, Documents, Instruments, Chattel Paper, goods, and any other property received upon the sale or disposition of any Collateral and all insurance proceeds of any kind paid at any time in connection with any Collateral but excluding accounts and receivables of any type resulting from the sale of Miami Tank's Inventory or services.

HYDROPRO ANNEX

Principal office of HydroPro: 11511 Phillips Highway,
Jacksonville, Florida 32256

Location of Records: 1346 S. Killian Drive
Lake Park, Florida 33403

Description of Collateral: All of HydroPro's Equipment, together with all cash and noncash proceeds of any such Collateral, including, without limitation, all cash, accounts, general intangibles, Documents, Instruments, Chattel Paper, goods, and any other property received upon the sale or disposition of any such Collateral and all insurance proceeds of any kind paid at any time in connection with such Collateral.

GCI ANNEX

Principal office of GCI: 11511 Phillips Highway,
Jacksonville, Florida 32256

Location of Records: 11511 Phillips Highway,
Jacksonville, Florida 32256

Description of Collateral: The patent described as Containment Wall Installation Process and Apparatus, Patent No. 5,701,692 issued December 30, 1997 (Inventor Weldon Woodall, such patent having been assigned to Groundwater Control, Inc.) together with the following

- (a) any reissues, continuations, divisions, modifications, substitutions or extensions thereof;
- (b) all inventions and improvements described and claimed therein;
- (c) all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;
- (d) all income, royalties, damages, claims and payments now or hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof;
- (e) all rights to sue for past, present and future infringements thereof;
- (f) all rights corresponding to any of the foregoing throughout the world;
- (g) (i) any and all licensing agreements or similar arrangements in respect of any of the foregoing, or granting to Debtor any right to use any invention on which a patent is in existence, including without limitation, those (if any) specifically listed in Schedule 1 annexed hereto, (ii) all income, royalties, damages, claims and payments now or hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringement or breach thereof, and (iii) all rights to sue for past, present and future infringement or breach thereof; and
- (h) all proceeds and products of any of the foregoing.

SECURITY AGREEMENT

THIS AGREEMENT is executed as of September 1, 1998, by **ENVIRONMENTAL CORPORATION OF AMERICA**, a Delaware corporation (**Parent/Debtor**), and the other undersigned debtors (**Subsidiary/Debtors**), for the benefit of **GOODRICH & PENNINGTON MORTGAGE FUND, INC.**, a Delaware corporation in its capacity as Lender under the Loan Agreement described below (**Secured Party**).

Environmental Corporation of America, a Delaware corporation (**Borrower**), and Secured Party have executed the Loan Agreement (the **Loan Agreement**) dated as of the date hereof in connection with a Loan in the amount of \$1,250,000.00 from Secured Party to Borrower. Borrower owns all the issued and outstanding capital stock of each Subsidiary/Debtor. The execution and delivery of this agreement are conditions precedent to Secured Party's obligations to extend credit under the Loan Agreement.

For sufficient consideration, Parent/Debtor and Subsidiary/Debtors jointly and severally agree with Secured Party as follows:

1. Definitions. Terms defined in the Loan Agreement or the UCC have the same meanings when used, unless otherwise defined, in this agreement. If the definition given a term in the Loan Agreement conflicts with the definition given that term in the UCC, then the Loan Agreement definition controls to the extent allowed by Law. If the definition given a term in Chapter 9 of the UCC conflicts with the definition given that term in any other chapter of the UCC, then the Chapter 9 definition controls. As used in this agreement:

Accounts means all of a Debtor's present and future accounts, Instruments, receivables, accounts receivable, Chattel Paper, Documents, and book debts arising from its sale or lease of goods or rendition of services, including, without limitation, all present and future (a) amounts due to it from a factor, (b) returned, reclaimed, refused, or repossessed goods, and (c) books and records pertaining to, and security and guaranties for, any of the foregoing.

Collateral is defined in **Paragraph 4** below.

Debtors means Parent/Debtor and Subsidiary/Debtors.

Loan Agreement is defined in the recitals to this agreement.

Merger Rights means all claims and rights of ECOA under its merger agreement with Miami Tank which survive the closing of such merger.

Obligor means any Person obligated with respect to any of the Collateral, whether as a party to a contract, an account debtor, issuer of any securities, or otherwise.

Parent/Debtor is defined in the preamble to this agreement.

Secured Obligation means the OBLIGATION (as defined in the Loan Agreement), including, without limitation, all present and future indebtedness, liabilities, and obligations of Debtors arising under this agreement, and all present and future costs, attorneys' fees, and expenses reasonably incurred by Secured Party to enforce Debtors' or any other obligor's payment of any of the Obligation.

Secured Party is defined in the preamble to this agreement and includes its successors and assigns.

Security Interest means the security interests granted and the transfers, pledges, and assignments made under **Paragraph 2** below, which is a LENDER Lien, as defined in the Loan Agreement.

Subsidiary/Debtors is defined in the preamble to this agreement.

UCC means the Uniform Commercial Code as adopted in Nevada or any other applicable jurisdiction.

2. Security Interest. To secure the prompt and complete payment and performance of the Secured Obligation when due, each Debtor grants to Secured Party a security interest in the Collateral identified for it in **Paragraph 4** below and pledges and collaterally transfers and assigns that Collateral to Secured Party, all upon and subject to the terms and conditions of this agreement. If the grant, pledge, or collateral transfer or assignment of any specific item of the Collateral is expressly prohibited by any contract, then the Security Interest nonetheless remains effective to the extent allowed by UCC § 9.318, Nevada Revised Statutes §104.9318, or other applicable Laws but is otherwise limited by that prohibition.

3. No Assumption or Modification. The Security Interest is given as security only in order to secure the prompt and complete payment and performance of the Secured Obligation when due. Secured Party does not assume and may not become liable for any of Debtor's liabilities, duties, or obligations under or in connection with the Collateral. Neither Secured Party's acceptance of this agreement nor its taking any action in carrying out this agreement constitutes Secured Party's approval of the Collateral or Secured Party's assumption of any obligation under or in connection with the Collateral. This agreement does not affect or modify any Debtor's obligations with respect to any Collateral.

4. Collateral. The term Collateral means the following items and types of property, wherever located and now or in the future acquired or existing:

a. **Property.** For each Debtor, those items listed on the **Annexes** hereto; and

b. **Proceeds.** All cash and noncash proceeds of any Collateral, including, without limitation, all cash, accounts, general intangibles, documents, instruments, chattel paper, goods, and any other property received upon the sale or disposition of any other Collateral and all insurance proceeds of any kind paid at any time in connection with any other Collateral.

5. Fraudulent Conveyance. Notwithstanding any contrary provision, each Debtor agrees that, if, but for the application of this paragraph, any of the Secured Obligation or the Security Interest would constitute a preferential transfer under 11 U.S.C. § 547, a fraudulent conveyance under 11 U.S.C. § 548, or a fraudulent conveyance or transfer under any state fraudulent conveyance, fraudulent transfer, or similar Laws in effect from time to time, then the Secured Obligation and Security Interest remain enforceable to the maximum extent possible without causing any of the Secured Obligation or the Security Interest to be a fraudulent conveyance, and this agreement is automatically amended to carry out the intent of this paragraph.

6. Representations and Warranties. Debtors jointly and severally represent and warrant to Secured Party that:

a. **Binding Obligation.** This agreement creates a legal, valid, and binding Lender Lien in and to the Collateral in favor of Secured Party and enforceable against the Debtor owning that Collateral. For Collateral in which the Security Interest may be perfected by the filing of Financing Statements, once

those Financing Statements have been properly filed in the appropriate jurisdictions, the Security Interest in that Collateral will be fully perfected. Once perfected, the Security Interest will constitute a first-priority Lender Lien on the Collateral, subject only to Permitted Liens. The creation of the Security Interest does not require the consent of any Person that has not been obtained.

b. **Locations**. The attached **Annexes** accurately describe (i) the location of each Debtor's principal place of business and chief executive office, (ii) if different from **clause (i)**, the one or more locations of its books and records concerning its Accounts, (iii) the locations where any of its Inventory and Equipment (except when temporarily in the hands of a third-party contractor for processing and until sold in the ordinary course of business) is currently and will subject to **Paragraph 7(b)** below, in the future be maintained. Except as stated in **clause (iii)** above, each Debtor's Inventory is currently and will be in its possession. All Instruments and Chattel Paper have been delivered to Secured Party.

c. **Accounts**. Each Debtor's Accounts (i) arise from its sales or rendition of services, (ii) are due to that Debtor, and (iii) are not subject to any setoff, counterclaim, defense, allowance, adjustment (other than discounts for prompt payment shown on the invoice), dispute, objection, or complaint by any obligor that could reasonably be expected to result in a Material Adverse Event.

d. **Additional Collateral**. The foregoing representations and warranties will be true and correct in all respects with respect to any additional Collateral or additional specific descriptions of certain Collateral delivered to Secured Party in the future by any Debtor.

The failure of any of these representations or warranties to be accurate and complete does not impair the Security Interest in any Collateral.

7. **Covenants**. Until the Secured Obligation is fully paid and performed, each Debtor jointly and severally covenants and agrees with Secured Party that, without first obtaining Secured Party's written consent to the contrary:

a. **Loan Agreement**. Each Debtor shall comply with and perform all covenants and agreements in the Loan Agreement that are applicable to it or its assets or operations, each of which is ratified and confirmed.

b. **Certain Relocations and Changes**. Each Debtor shall give Secured Party thirty (30) days written notice before any proposed (i) relocation of its principal place of business or chief executive office, (ii) change of its name, (iii) relocation of the place where its books and records concerning its Accounts are kept, and (iv) relocation of any Collateral (other than delivery of Inventory in the ordinary course of business to third party contractors for processing and sales of Inventory in the ordinary course of business or as permitted by the Loan Agreement) to a location not described on the attached **Annexes**.

c. **Estoppel and Other Agreements and Matters**. Within 120 days after the date of this agreement and at all times after that time, each Debtor shall either (unless waived by Secured Party) (i) cause the landlord or lessor for each location where any of its Inventory or Equipment is maintained to execute and deliver to Secured Party an estoppel and subordination agreement in such form as may be reasonably acceptable to Secured Party and its special counsel, or (ii) deliver to Secured Party a legal opinion or other evidence (in each case that is reasonably satisfactory to Secured Party and its special counsel) that neither the applicable lease nor the Laws of the jurisdiction in which that location is situated provide for contractual, common law, or statutory landlord's Liens that is senior to or *pari passu* with the Security Interest.

d. **Other Notices and Actions.** Each Debtor shall promptly notify Secured Party of (i) any change in its corporate name, (ii) any change in any material fact or circumstance represented or warranted by any Debtor with respect to any of the Collateral, and (iii) any material claim, action, or proceeding challenging the Security Interest or affecting title to all or any portion of the Collateral or the Security Interest (and, at Secured Party's request, such Debtor shall appear in and defend any such action or proceeding at such Debtor's expense). In case of any default or event of default by any other party under or in connection with any portion (individually or collectively) of the Collateral, Debtor shall immediately use best efforts to remedy the same or immediately demand that the same be remedied).

e. **Record of Collateral.** Each Debtor shall maintain at its chief executive office a current record of where all of its Collateral is located and permit Secured Party or its Representatives to inspect and make copies from those records pursuant to the Loan Agreement and furnish to Secured Party upon request, from time to time, such documents, lists, descriptions, certificates, and other information necessary or helpful to keep Secured Party informed with respect to the identity, location, status, condition, terms of, parties to, and value of the Collateral.

f. **Collateral In Trust.** While a Default or Potential Default exists, each Debtor shall upon request of Secured Party (unless prevented by operation of Law from making that request, in which event each Debtor shall) (i) hold in trust (and not commingle with its other assets) for Secured Party all of its Collateral that is Chattel Paper, Instruments, Documents of title, or proceeds from Accounts (if Secured Party has exercised its rights under **Paragraph 8 (e)** of this agreement), at any time received by it, (ii) promptly deliver that Collateral to Secured Party unless Secured Party at its option gives Debtor written permission to retain any of it, and (iii) cause each Chattel Paper, Instrument, or Document of title so retained to be marked to state that it is assigned to Secured Party and each Instrument to be endorsed to the order of Secured Party (but failure to be so marked or endorsed may not impair the Security Interest in any such Collateral).

g. **Perform Obligation.** Each Debtor shall perform all of its obligations under or in connection with all of its Collateral in accordance with customary business practices.

h. **Impairment of Collateral.** If it would constitute a Material Adverse Event, no Debtor may do or permit any act that is reasonably likely to adversely impair the value or usefulness of any portion of any Collateral.

8. **Remedies Upon Default.** While a Default exists, Secured Party is, subject to the Loan Agreement, entitled to exercise any one or more of the following rights:

a. **Rights.** Secured Party may exercise any and all rights available to a secured party under the UCC, in addition to any and all other rights afforded by this agreement and the other Loan Documents, at law, in equity, or otherwise, including, without limitation (i) requiring Debtors to assemble Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to the applicable Debtor and Secured Party, (ii) applying by appropriate judicial proceedings for appointment of a receiver for Collateral, (iii) applying to the Secured Obligation any cash held by Secured Party under this agreement, (iv) reducing any claim to judgment, (v) exercising the rights of offset against the interest of each Debtor in and to every account and other property of each Debtor in Secured Party's possession to the extent of the full amount of the Secured Obligation, (vi) foreclosing the Security Interest and any other Liens Secured Party may have or otherwise realize upon any and all of the rights Secured Party may have in and to Collateral, and (vii) bringing suit or other proceedings before any

Tribunal either for specific performance of any covenant or condition contained in any of the Loan Documents or in aid of the exercise of any right granted to Secured Party in any Loan Document.

b. **Notice**. If any Collateral threatens to decline speedily in value or is of the type customarily sold on a recognized market, Secured Party may sell or otherwise dispose of that Collateral without notification, advertisement, or other notice of any kind. Otherwise, reasonable notice of the time and place of any public sale of the Collateral, or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to Debtor and to any other Person entitled to notice under the UCC. Notice sent or given not less than ten calendar days prior to the taking of the action to which the notice relates is reasonable notice. It is not necessary that the Collateral be at the location of the sale.

c. **Other Sales**. Secured Party's sale of less than all Collateral does not exhaust Secured Party's rights under this agreement and Secured Party is specifically empowered to make successive sales until all Collateral is sold. If the proceeds of a sale of less than all Collateral is less than the Secured Obligation, then this agreement and the Security Interest remain in full force and effect as to the unsold portion of the Collateral just as though no sale had been made. In the event any sale under this agreement is not completed or is, in Secured Party's opinion, defective, that sale does not exhaust Secured Party's rights under this agreement, and Secured Party is entitled to cause a subsequent sale or sales to be made. All statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale under this agreement, whether about nonpayment of the Secured Obligation, the occurrence of any Default, Secured Party's having declared all of the Secured Obligation to be due and payable, notice of time, place, and terms of sale and the properties to be sold having been duly given, or any other act or thing having been duly done by Secured Party, shall be taken as prima facie evidence of the truth of the facts so stated and recited. Secured Party may appoint or delegate any one or more Persons as agent to perform any act or acts necessary or incident to any sale held by Secured Party, including the sending of notices and the conduct of sale, but such acts must be done in the name and on behalf of Secured Party.

d. **Obligors**. While a Default exists, Secured Party may notify or require each Obligor to make payment directly to Secured Party, and Secured Party may take control of the proceeds paid to Secured Party. Until Secured Party elects to exercise these rights, each Debtor is authorized to collect and enforce the Collateral and to retain and expend all payments made on Collateral. While Secured Party is entitled to and elects to exercise these rights, Secured Party has the right in its own name or in the name of the applicable Debtor to (i) compromise or extend time of payment with respect to Collateral for such amounts and upon such terms as Secured Party may reasonably determine, (ii) demand, collect, receive, receipt for, sue for, compound, and give acquittance for any and all amounts due or to become due with respect to Collateral, (iii) take control of cash and other proceeds of any Collateral, (iv) endorse the applicable Debtor's name on any notes, acceptances, checks, drafts, money orders, or other evidences of payment on Collateral that may come into Secured Party's possession, (v) sign the applicable Debtor's name on any invoice or bill of lading relating to any Collateral, on any drafts against Obligor or other Persons making payment with respect to Collateral, on assignments and verifications of accounts or other Collateral, and on notices to Obligor making payment with respect to Collateral, (vi) send requests for verification of obligations to any Obligor, and (vii) do all other acts and things reasonably necessary to carry out the intent of this agreement. If any Obligor fails to make payment on any Collateral when due while a Default exists, Secured Party is authorized, in its sole discretion, either in its own name or in the applicable Debtor's name, to take such action as Secured Party reasonably shall deem appropriate for the collection of any amounts owed with respect to Collateral or upon which a delinquency exists. However, Secured Party is neither (x) liable for its failure to collect, or for its failure to exercise diligence in the

collection of, any amounts owed with respect to Collateral (except for its own fraud, gross negligence, willful misconduct, or violation of any Law), nor (y) under any duty whatever to anyone except the applicable Debtor to account for funds that it shall actually receive under this agreement. A receipt given by Secured Party to any Obligor is a full and complete release, discharge, and acquittance to that Obligor, to the extent of any amount so paid to Secured Party. While a Default exists, Secured Party may apply or set off amounts paid and the deposits against any liability of the applicable Debtor to Secured Party. Regarding the existence of any Default for purposes of this agreement, each Debtor agrees that the Obligors on any Collateral may rely upon written certification from Secured Party that a Default exists.

e. **Power-of-Attorney**. Secured Party is deemed to be irrevocably appointed as each Debtor's agent and attorney-in-fact with all right to enforce all of that Debtor's rights under or in connection with the Collateral effective and operable at all times while a Default exists. All costs, expenses and liabilities incurred and all payments made by Secured Party as that Debtor's agent and attorney-in-fact (including, without limitation, reasonable attorney's fees and expenses) are considered a loan by Secured Party to that Debtor that is repayable on demand, accrues interest at the Default Rate until paid, and is part of the Secured Obligation.

f. **Application of Proceeds**. While a Default exists, Secured Party shall apply the proceeds of any sale or other disposition of Collateral in the following order: (i) payment of all its reasonable expenses incurred in retaking, holding, and preparing any Collateral for disposition, in arranging for such disposition, and in actually disposing of the same (all of which are part of the Secured Obligation); (ii) repayment of amounts reasonably expended by Secured Party under **Paragraph 9** below; (iii) payment of the balance of the Secured Obligation in the order and manner specified in the Loan Agreement; and (iv) delivery either (A) to Parent/Debtor for the account of all Debtors or (B) as a court of competent jurisdiction may direct.

9. Other Rights

a. **Performance**. If any Debtor fails to preserve the priority (subject to Permitted Liens) of the Security Interest in any Collateral or otherwise fails to perform any of its obligations under any Loan Document with respect to any Collateral, then Secured Party may, at its option, but without being required to do so, after five Business Days written notice to Debtors, if Secured Party in its reasonable judgment deems it necessary, prosecute or defend any suits in relation to the Collateral or take any other action that such Debtor is required, but has failed, to take. Any amount that is expended or paid by Secured Party in connection with the foregoing (including, without limitation, court costs and reasonable attorneys' fees and expenses) bears interest at the Default Rate from the date spent or incurred until repaid and is payable (with that interest) by Debtors to Secured Party upon demand and is part of the Secured Obligation.

b. **Collateral in Secured Party's Possession**. If, while a Default exists, any Collateral comes into Secured Party's possession, Secured Party may use that Collateral for the purpose of preserving it or its value pursuant to the order of a court of appropriate jurisdiction or in accordance with any other rights held by Secured Party in respect of that Collateral. Debtors jointly and severally covenant to promptly reimburse and pay to Secured Party, at Secured Party's request, the amount of all reasonable expenses, costs, Taxes, and other charges incurred by Secured Party in connection with its custody and preservation of that Collateral, all of which bear interest at the Default Rate from the date spent or incurred until repaid and are (with that interest) payable by Debtors to Secured Party upon demand and are part of the Secured Obligation. Except for Secured Party's own fraud, gross negligence, or willful misconduct (i) the risk of accidental loss or damage to, or diminution in value of, any Collateral is on Debtors, (ii) Secured Party has no liability for failure to obtain or maintain insurance or to determine whether any insurance in

effect is adequate as to amount or risks insured, (iii) Secured Party has no duty to fix or preserve rights against any Obligors in respect of any Collateral and is never liable for any failure to use diligence to collect any amount payable in respect of any Collateral (other than to account to Debtors for what Secured Party may actually collect or receive).

c. **Certain Proceeds.** The provisions of this clause (c) are applicable only while a Default exists. Any cash proceeds of any Collateral that come into Secured Party's possession (including, without limitation, insurance proceeds) may, at Secured Party's option, be applied in whole or in part to the Secured Obligation (to the extent then due), be fully or partially released to or under the written instructions of that applicable Debtor for any general or specific purpose, or be fully or partially retained by Secured Party as additional Collateral. Any cash Collateral in Secured Party's possession may be invested by Secured Party in certificates of deposit issued by any state or national bank having combined capital and surplus greater than \$100,000,000 or in securities issued or guaranteed by the United States of America or any of its agencies. Secured Party is never obligated to make any investment and never has any liability to any Debtor for any loss that may result from any investment or non-investment. All interest and other amounts earned from any investment may be dealt with by Secured Party in the same manner as other cash Collateral.

d. **INDEMNIFICATION.** DEBTORS JOINTLY AND SEVERALLY ASSUME ALL LIABILITY FOR ALL COLLATERAL, FOR THE SECURITY INTEREST, AND FOR ANY USE, POSSESSION, MAINTENANCE, AND MANAGEMENT OF, ALL COLLATERAL (INCLUDING, WITHOUT LIMITATION, ANY TAXES ARISING AS A RESULT OF, OR IN CONNECTION WITH, THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT) AND JOINTLY AND SEVERALLY AGREE TO ASSUME LIABILITY FOR, AND TO INDEMNIFY AND HOLD SECURED PARTY AND ITS REPRESENTATIVES (THE INDEMNIFIED PARTIES) HARMLESS FROM AND AGAINST, AND DEFEND EACH INDEMNIFIED PARTY AGAINST, ALL CLAIMS, CAUSES OF ACTION, OR LIABILITY, FOR INJURIES TO OR DEATHS OF PERSONS AND DAMAGE TO PROPERTY HOWSOEVER ARISING FROM OR INCIDENT TO SUCH USE, POSSESSION, MAINTENANCE, AND MANAGEMENT (WHETHER SUCH PERSONS BE AGENTS OR EMPLOYEES OF DEBTOR OR OF THIRD PARTIES, OR SUCH DAMAGE BE TO PROPERTY OF DEBTOR OR OF OTHERS) AND ALL CLAIMS, COSTS, PENALTIES, LIABILITIES, AND EXPENSES, INCLUDING, WITHOUT LIMITATION, COURT COSTS AND ATTORNEYS' FEES, HOWSOEVER ARISING OR INCURRED BECAUSE OF, INCIDENT TO, OR WITH RESPECT TO COLLATERAL OR ANY USE, POSSESSION, MAINTENANCE, OR MANAGEMENT OF IT (THE INDEMNIFIED LIABILITIES). HOWEVER, NO INDEMNIFIED PARTY IS ENTITLED TO INDEMNITY UNDER THIS PARAGRAPH FOR ITS OWN GROSS NEGLIGENCE, WILLFUL MISCONDUCT, OR FRAUD OR FOR ANY INDEMNIFIED LIABILITY ARISING FROM ITS ACTIONS AFTER SECURED PARTY HAS FORECLOSED THE SECURITY INTEREST OR ACCEPTED CONVEYANCE IN LIEU OF FORECLOSURE OR (EXCEPT FOR THE PLEDGED SECURITIES) TAKEN POSSESSION OF ANY COLLATERAL. The provisions of this paragraph survive the payment and performance of the Secured Obligation and the release of the Security Interest. The foregoing indemnity shall be subject to the provisions of Section 8.10 of the Loan Agreement.

e. **Cumulative Rights.** All rights available to Secured Party under this agreement are cumulative of and in addition to all other rights granted to Secured Party at law or in equity, whether or not the Obligation is due and payable and whether or not Secured Party has instituted any suit for collection, foreclosure, or other action in connection with the Loan Documents.

10. Miscellaneous.

a. **Term.** This agreement terminates when the Secured Obligation is fully paid and performed. No Obligor on any Collateral is obligated to inquire about the termination of this agreement and is fully protected in making payments directly to Secured Party if **Section 8(d)** applies, which payments Secured Party shall pay to Parent/Debtor on behalf of Debtors after termination of this agreement.

b. **No Release.** Neither the Security Interest, any Debtor's obligations, nor Secured Party's rights under this agreement are released, diminished, impaired, or adversely affected by the occurrence of any one or more of the following events: (i) the taking or accepting of any other security or assurance for any Secured Obligation; (ii) any release, surrender, exchange, subordination, or loss of any security or assurance at any time existing in connection with any Secured Obligation; (iii) the modification of, amendment to, or waiver of compliance with any terms of any other Loan Document without the consent of Debtors except as required in that Loan Document; (iv) any present or future insolvency, bankruptcy, or lack of corporate or trust power of any party at any time liable for the payment of any Secured Obligation; (v) except as specifically required by any other Loan Document, any renewal, extension, or rearrangement of the payment of any Secured Obligation (either with or without notice to or consent of any Debtor) or any adjustment, indulgence, forbearance, or compromise that may be granted or given by Secured Party to any Debtor; (vi) any neglect, delay, omission, failure, or refusal of Secured Party to take or prosecute any action in connection with any agreement, document, guaranty, or instrument evidencing, securing, or assuring the payment of any Secured Obligation; (vii) any failure of Secured Party to notify any Debtor of any renewal, extension, or assignment of any Secured Obligation, or the release of any security under any other document or instrument, or of any other action taken or not taken by Secured Party against any Debtor, or any new agreement between Secured Party and any Debtor, it being understood that, except as expressly required by the Loan Agreement, Secured Party is not required to give any Debtor any notice of any kind under any circumstances with respect to or in connection with the Secured Obligation, including, without limitation, notice of acceptance of this agreement or any Collateral ever delivered to or for the account of Secured Party under this agreement; (viii) the illegality, invalidity, or unenforceability of any Secured Obligation against any third party obligated with respect to it by reason of the fact that the Secured Obligation, or the interest paid or payable with respect to any of it, exceeds the amount permitted by Laws, the act of creating any of it is ultra vires, or the officers, partners, or trustees creating any of it acted in excess of their authority, or for any other reason; or (ix) if any payment by any party obligated with respect to any Secured Obligation is held to constitute a preference under applicable Laws or for any other reason Secured Party is required to refund any payment on any Secured Obligation or pay the amount of it to someone else.

c. **Waivers.** To the maximum extent lawful, except to the extent expressly otherwise provided in this agreement or in any other Loan Document, Debtors jointly and severally waive (i) any right to require Secured Party to proceed against any other Person, to exhaust rights in Collateral, or to pursue any other right that Secured Party may have; (ii) with respect to the Secured Obligation, presentment and demand for payment, protest, notice of protest and nonpayment, notice of acceleration, and notice of intent to accelerate; and (iii) all rights of marshaling in respect of any Collateral.

d. **Financing Statement.** Secured Party may at any time file this agreement (or a carbon, photographic, or other reproduction of this agreement) as a financing statement, but the failure of Secured Party to do so does not impair the validity or enforceability of this agreement.

e. **Loan Document**. This agreement is a Loan Document and is subject to the applicable provisions of the Loan Agreement, all of which are incorporated in this agreement by reference the same as if set forth in this agreement verbatim.

f. **Communications**. For purposes of notices and communications as described in **Section 12.2** of the Loan Agreement, the parties' addresses and telecopy number are as follows:

If to Borrower: Environmental Corporation of America
11511 Phillips Highway,
Jacksonville, Florida 32256
Attn: Vijay Fozdar
Fax: 904-886-3777

If to Miami Tank: Miami Tank Manufacturing, Inc.
11511 Phillips Highway,
Jacksonville, Florida 32256
Attn: Vijay Fozdar
Fax: 904-886-3777

If to HydroPro: HydroPro, Inc.
11511 Phillips Highway,
Jacksonville, Florida 32256
Attn: Vijay Fozdar
Fax: 904-886-3777

If to GCI: Groundwater Control, Inc.
11511 Phillips Highway,
Jacksonville, Florida 32256
Attn: Vijay Fozdar
Fax: 904-886-3777

If to Lender: Goodrich & Pennington Mortgage Fund, Inc.
1293 Lincoln Park Way
Glenbrook, Nevada 89413
Attn: Paul Pennington
Fax: (702) 586-9057

g. **Amendments**. No amendment, waiver, or discharge of any part of this agreement is valid unless it is in writing and is signed by the party against whom it is sought to be enforced and is otherwise in conformity with the requirements of **Section 12.9** of the Loan Agreement.

h. **ENTIRETY**. **THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS TO WHICH ANY DEBTOR IS PARTY REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

i. **Parties.** This agreement benefits Secured Party and its successors and assigns and binds each Debtor and its successors and assigns. The rights of Secured Party under this agreement may be transferred with any assignment of the Secured Obligation.

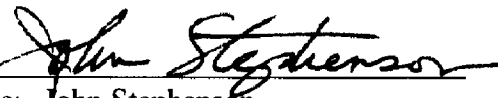
j. **GOVERNING LAW.** THE LAWS OF THE STATE OF NEVADA AND OF THE UNITED STATES OF AMERICA SHALL GOVERN THE RIGHTS AND DUTIES OF THE PARTIES TO THIS AGREEMENT EXCEPT TO THE EXTENT THAT THE LAWS OF THE JURISDICTION WHERE ANY COLLATERAL IS LOCATED MUST NECESSARILY APPLY TO THE ENFORCEMENT OR FORECLOSURE OF THE COLLATERAL LOCATED IN THAT JURISDICTION.


EXECUTED as of the date first stated above.

DEBTORS:

Environmental Corporation of America

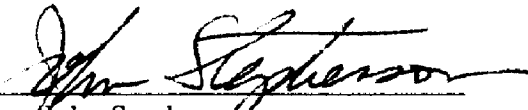
Miami Tank Manufacturing, Inc.


By: 
Name: John Stephenson
Title: Authorized Signatory

By: 
Name: John Stephenson
Title: Authorized Signatory

HydroPro, Inc.

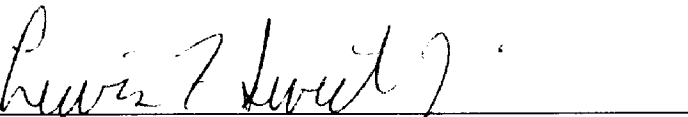
Groundwater Control, Inc.

By: 
Name: John Stephenson
Title: Authorized Signatory

By: 
Name: John Stephenson
Title: Authorized Signatory

SECURED PARTY

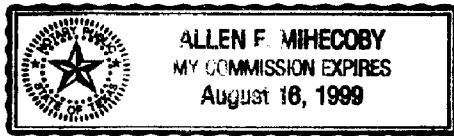
GOODRICH & PENNINGTON MORTGAGE FUND, INC.

By: 
Name: Lewis T. Sweet, Jr.
Title: Authorized Signatory

STATE OF TEXAS

COUNTY OF DALLAS

The foregoing instrument was acknowledged before me on November 13, 1998, by John Stephenson, Authorized Signatory for Environmental Corporation of America, a Delaware corporation, Miami Tank Manufacturing, Inc., a Nevada corporation, HydroPro, Inc., a Florida corporation, and Groundwater Cotnrol, Inc., a Florida corporation, who is personally known to me and acknowledged that he executed the foregoing document on behalf of all such corporations.

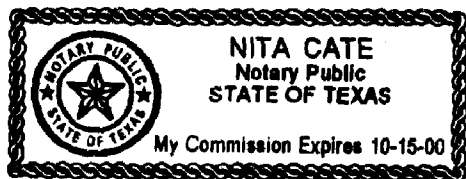


Allen F. Mihecoy
Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF DALLAS

The foregoing instrument was acknowledged before me on November 16, 1998, by Lewis T. Sweet, Jr., Authorized Signatory for Goodrich & Pennington Mortgage Fund, Inc., a Nevada corporation, who is personally known to me and acknowledged that he executed the foregoing document on behalf of such corporation.



Nita Cate
Notary Public, State of Texas

ECOA ANNEX

Principal office of ECOA: 11511 Phillips Highway,
Jacksonville, Florida 32256

Location of Records: 11511 Phillips Highway,
Jacksonville, Florida 32256

Description of Collateral: All of the issued and outstanding shares of stock of Miami Tank.

The 50% of the issued and outstanding shares of the capital stock of HydroPro subject to a security interest in favor of Bernard D. Mohlenhoff.

The 50% of the issued and outstanding shares of the capital stock of HydroPro subject to a security interest securing a note in the original principal sum of \$600,000.00 payable to William K. Hendershaw only to be effective if and when the granting of such security interest would not be a default under such pledge and note.

All claims and rights of ECOA under its merger agreement with Miami Tank which survive the closing of such merger.

MIAMI TANK ANNEX

Principal office of Miami Tank: 11511 Phillips Highway,
Jacksonville, Florida 32256

Location of Records: 11511 Phillips Highway,
Jacksonville, Florida 32256

Description of Collateral: All of Miami Tank's Documents, Equipment, General Intangibles, Instruments, and Inventory (subject to the security interest in favor of Kevin Mulvey and except for those resulting from the sale of Miami Tank's products and services) described in this Agreement, together with all cash and noncash proceeds of any such Collateral, including, without limitation, all cash, accounts, general intangibles, Documents, Instruments, Chattel Paper, goods, and any other property received upon the sale or disposition of any Collateral and all insurance proceeds of any kind paid at any time in connection with any Collateral but excluding accounts and receivables of any type resulting from the sale of Miami Tank's Inventory or services.

HYDROPRO ANNEX

Principal office of HydroPro: 11511 Phillips Highway,
Jacksonville, Florida 32256

Location of Records: 1346 S. Killian Drive
Lake Park, Florida 33403

Description of Collateral: All of HydroPro's Equipment, together with all cash and noncash proceeds of any such Collateral, including, without limitation, all cash, accounts, general intangibles, Documents, Instruments, Chattel Paper, goods, and any other property received upon the sale or disposition of any such Collateral and all insurance proceeds of any kind paid at any time in connection with such Collateral.

GCI ANNEX

Principal office of GCI: 11511 Phillips Highway,
Jacksonville, Florida 32256

Location of Records: 11511 Phillips Highway,
Jacksonville, Florida 32256

Description of Collateral: The patent described as Containment Wall Installation Process and Apparatus, Patent No. 5,701,692 issued December 30, 1997 (Inventor Weldon Woodall, such patent having been assigned to Groundwater Control, Inc.) together with the following

- (a) any reissues, continuations, divisions, modifications, substitutions or extensions thereof;
- (b) all inventions and improvements described and claimed therein;
- (c) all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;
- (d) all income, royalties, damages, claims and payments now or hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof;
- (e) all rights to sue for past, present and future infringements thereof;
- (f) all rights corresponding to any of the foregoing throughout the world;
- (g) (i) any and all licensing agreements or similar arrangements in respect of any of the foregoing, or granting to Debtor any right to use any invention on which a patent is in existence, including without limitation, those (if any) specifically listed in Schedule 1 annexed hereto, (ii) all income, royalties, damages, claims and payments now or hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringement or breach thereof, and (iii) all rights to sue for past, present and future infringement or breach thereof; and
- (h) all proceeds and products of any of the foregoing.