

08-29-2000

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



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

7.31.00

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) Execution Date
Month Day Year

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)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3)

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.)

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

FOR OFFICE USE ONLY

08/29/2000 MTHA11 00000172 4834870

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280.00 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: 011019 FRAME: 0405

Correspondent Name and Address

Area Code and Telephone Number **313-961-8380**

Name **ERIC D. CARLSON**

Address (line 1) **JAFFE, RAITT, HEUER & WEISS**

Address (line 2) **ONE WOODWARD AVENUE**

Address (line 3) **SUITE 2400**

Address (line 4) **DETROIT, MI 48226**

Pages

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

#

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)

4,834,870	4,655,437	5,931,308
4,869,811	5,520,290	
4,606,760	5,676,256	

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.

#

7

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): \$ **280.00**

Method of Payment:

Enclosed ☒

Deposit Account ☐

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.

ERIC D. CARLSON

Name of Person Signing


Signature

7/28/00

Date

RECORDATION FORM COVER SHEET
CONTINUATION
PATENTS ONLY

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

Conveying Party(ies)

☐ Mark if additional names of conveying parties attached

Enter additional Conveying Parties

Name (line 1)

Execution Date
Month Day Year

Name (line 2)

Execution Date
Month Day Year

Name (line 1)

Name (line 2)

Execution Date
Month Day Year

Name (line 1)

Name (line 2)

Receiving Party(ies)

☐ Mark if additional names of receiving parties attached

Enter additional Receiving Party(ies)

Name (line 1)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

Name (line 1)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

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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)

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**AMENDED AND RESTATED
SECURITY AGREEMENT**

This Amended and Restated Security Agreement ("Agreement") made on this 29th day of June, 2000, by and between **HURON VALLEY STEEL CORPORATION**, a Michigan corporation, with chief executive offices located at 41000 Huron River Drive, Belleville, Michigan 48111 (the "Borrower") and **MICHIGAN NATIONAL BANK**, a national banking association, of 27777 Inkster Road, P.O. Box 9065, Farmington Hills, Michigan 48333-9065, in its capacity as Agent ("Agent") for itself and for Bank One, Michigan and LaSalle Bank National Association ("LaSalle"), and their successors and assigns under the Loan Agreement (as defined below) (collectively, the "Bank(s)").

The Recitals upon which this Agreement is based and which the parties admit are true and accurate in all respects are:

A. Borrower and the Banks have heretofore had a lending relationship as evidenced by that certain Third Amended and Restated Loan Agreement dated December 16, 1996, as amended ("Original Loan Agreement").

B. Pursuant to that certain Summary of Terms and Conditions dated June 16, 2000 ("Term Sheet"), the Banks committed to enter into a new loan agreement on the terms and conditions set forth in the Term Sheet, subject, however, to execution by the Borrower and the Banks of loan documentation incorporating the terms and conditions of the Term Sheet.

C. In connection with the Term Sheet and to secure obligations outstanding under the Original Loan Agreement, Borrower executed and delivered to Bank on June 19, 2000, a Security Agreement (the "Security Agreement") granting to Bank a security interest in the Collateral described therein.

D. Borrower and Banks concurrently herewith are entering into a loan agreement ("Loan Agreement") to replace the Original Loan Agreement and also wish to amend and restate the Security Agreement in full in the manner hereinafter set forth.

NOW THEREFORE Borrower and Agent (on behalf of the Banks) amend and restate the Security Agreement in full as follows:

1. BENEFIT OF AGREEMENT. This Agreement is made between Borrower and Agent, in its capacity as such in the Loan Agreement. Capitalized terms not defined herein shall have the meanings given to such terms in the Loan Agreement.

2. GRANT OF SECURITY INTEREST. Borrower grants Agent in its capacity as Agent for the Banks under the Loan Agreement a continuing security interest in the collateral described below (all of the personal property described in Paragraph 3. is individually and collectively referred to in this Agreement as the "Collateral"), to secure the repayment of all Obligations (as defined in the Loan Agreement) together with all costs, expenses and reasonable

attorneys' fees incurred by the Banks in the disbursement, administration and collection of the Obligations or the protection, maintenance, and liquidation of the Collateral. Borrower agrees not to sell the Collateral except in the ordinary course of Borrower's business and will not assign, transfer, pledge, grant a security interest in, or otherwise dispose of or encumber, the Collateral.

3. COLLATERAL. The Collateral covered by this Agreement is all of Borrower's now owned or hereafter arising, created or acquired property identified below and as defined in the UCC, but to the extent any definition below is not part of the definition given in the UCC then the definition below is expansive of the UCC definition:

"Accounts" which means rights to payment for goods sold or leased by the Borrower or for services rendered by the Borrower, whether or not earned by performance, together with all security interests or other security held by or granted to the Borrower to secure such rights to payment.

"Chattel Paper" which means any writing or group of writings which evidences both a monetary obligation and a security interest in or a lease of specific goods.

"Documents" which means all documents of title and goods evidenced thereby, including without limitation, all bills of lading, dock warrants, dock receipts, warehouse receipts and orders for the delivery of goods, and also any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers.

"Equipment" which means all equipment, machinery, furniture and goods used or usable by the Borrower in its business and all other tangible personal property (other than Inventory), and all accessions and additions thereto, including, without limitation, all Fixtures.

"Fixtures" means all goods which become so related to particular real estate that an interest in such goods arises under any real estate law applicable thereto, including, without limitation, all trade fixtures.

"General Intangibles" which means all intangible personal property including, without limitation, all contract rights, rights to receive payments of money, choses in action, judgments, tax refunds and tax refund claims, licenses, franchises, leasehold interests in real or personal property, rights to receive rentals of real or personal property, and guarantee claims.

"Instruments" which means negotiable instruments, (as defined in §3-104 of the Uniform Commercial Code as in effect from time to time), certificated and uncertificated securities and any replacements therefor and any rights related thereto, and other writings which evidence a right to the payment of money and which are not themselves security agreements or leases and are of a type which in the ordinary course of business are transferred by delivery with any necessary endorsement or assignment, including, without limitation, all checks, drafts, notes, bonds, debentures, government securities, certificates of deposit, letters of credit, preferred and common stocks, options and warrants.

"Intellectual Property" which means all patents, trademarks, copyrights, trade secrets, trade names, trademarks, service marks, customer lists or advertising materials owned by Borrower, including, without limitation, those property interests identified on **Exhibit E**.

"Investment Property" which means a security, other than any securities or other interest owned by Borrower in either Huron Valley Europe, N.V. or Matrix Commerce Net, Inc., a Michigan corporation, whether certificated or uncertificated, a security entitlement, a securities account, a commodity contract, or a commodity account, and all stock rights, stock dividends, liquidating dividends, new securities and dividends and interest arising therefrom (all as defined in the Uniform Commercial Code as in effect from time to time).

"Inventory" which means all inventory and goods including, but not limited to, raw materials, work in process, finished goods, returned or repossessed goods, goods held for sale or lease or furnished under contracts of service, tangible property, stock in trade, wares and merchandise used in, sold by, or stopped in transit by Borrower.

"Pledged Deposits" means all time deposits of money, whether or not evidenced by certificates, which the Borrower may from time to time designate as pledged to the Agent or to any Bank as security for any of the Obligations, and all rights to receive interest on said deposits.

"Other Collateral" means any property of the Borrower, other than real estate, not included within the defined terms Accounts, Chattel Paper, Documents, Equipment, Fixtures, General Intangibles, Instruments, Inventory, Investment Property and Pledged Deposits, including, without limitation, all cash on hand and all deposit accounts with Agent or any other Bank, it being intended that the Collateral include all property of the Borrower other than real estate.

For each and every type of Collateral described above, the proceeds of the Collateral and the proceeds of all insurance and all products of the Collateral are also part of the Collateral as are all records of any kind and in whatever form pertaining to the Collateral. In addition, any and all bank deposits and bank accounts or other sums at any time credited or due from any financial institution (including, without limitation, any Bank) to Borrower and any and all instruments, documents, policies, certificates of insurance, securities, goods, accounts, chattel paper, cash, property and the proceeds thereof which Borrower owns or in which Borrower has an interest and which are at any time in the possession or control of any financial institution (including, without limitation, any Bank) or any third party acting on such financial institution's behalf, shall also be considered Collateral, and Borrower will, upon Agent's request, transfer dominion and control over such account to Agent for the benefit of the Banks.

As used in the remainder of this Security Agreement, the term "Accounts" will refer collectively to Accounts, Documents, Chattel Paper, Instruments and General Intangibles, as defined above.

4. PERFECTION OF SECURITY INTEREST. Borrower agrees to promptly execute and deliver to Agent, concurrently with this Agreement and at any time hereafter at Agent's request, all financing statements, assignments, reports, notices, schedules of Accounts, designations of Inventory, letters of authority and any and all other documents and agreements as

Agent requests, in form satisfactory to Agent, to perfect and to at all times maintain perfected Bank's security interests in the Collateral, including assignments of patents, trademarks, copyrights and other Intellectual Property. Borrower also agrees to make appropriate entries on its books and records disclosing Agent's security interests (on behalf of the Banks) in the Collateral.

The Borrower irrevocably authorizes the Agent at any time and from time to time in the sole discretion of the Agent (i) to execute on behalf of the Borrower as debtor and to file financing statements necessary or desirable in the Agent's sole discretion to perfect and to maintain the perfection and priority of the Agent's security interest in the Collateral, (ii) to indorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statement with respect to the Collateral as a financing statement in such offices as the Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Agent's and the Banks' security interest in the Collateral, (iv) subject to the terms of Section 6A, to enforce payment of the Accounts in the name of the Agent or the Borrower, (v) to contract and enter into one or more agreements with the issuers of uncertificated securities which are Collateral and which are securities or with financial intermediaries holding other Investment Property as may be necessary or advisable to give the Agent control (as contemplated by the UCC) over such securities or other Investment Property and (vi) to apply the proceeds of any Collateral received by the Agent to the Obligations, provided that this authorization will not relieve the Borrower of any of its obligations hereunder or under the Loan Agreement.

5. WARRANTIES.

A) Borrower warrants to and covenants with the Banks, that: (a) Borrower has full legal title to the Collateral, is the lawful owner of all of the Collateral, and has an unqualified right to subject the Collateral to the Bank's security interest; (b) Agent's security interest (on behalf of the Banks) in the Collateral is a first priority security interest, there are no financing statements covering any of the Collateral in any public office, and Borrower will defend and indemnify the Banks against the claims and demands of all other persons claiming an interest in the Collateral; (c) all of the Collateral is located at the addresses stated on **Exhibit A**, or is in the Agent's possession, and Borrower agrees not to permit the Collateral to be used for any unlawful purpose; (d) each of the locations listed on **Exhibit A** are owned by Borrower, except for 255 Marion, River Rouge, Michigan which is owned by Fritz Enterprises, Inc. and at which Borrower stores Inventory. No lease or other use or storage agreement exists with respect to such location and simultaneously with the execution hereof, Borrower has delivered a fully executed Warehouseman's Agreement acceptable to the Banks with respect to such location, which agreement shall remain in effect so long as any Obligations remain unpaid; (e) Borrower does not conduct Borrower's business under any other name than that given above, except the assumed name of Trenton Steel Processing and Storage, and agrees not to change or reorganize the business entity under which it does business except upon the Requisite Banks' prior written approval and, if such approval is granted, Borrower agrees that all documents, instruments, and agreements requested by Agent shall be prepared, filed and recorded at Borrower's expense, before such change occurs; (f) Borrower's records and all of the Collateral are located at the addresses stated on **Exhibit A** and Borrower agrees not to remove any records concerning the

Collateral or the Collateral from said address nor keep any of its records or the Collateral at any other address unless at least ten (10) days prior written notice is given to Agent of any new address; (g) the Collateral is in good condition and repair and will be kept in such condition; (h) no part of the Collateral is classified or classifiable as hazardous waste under Federal or Michigan environmental laws and regulations, Borrower is in full compliance with all Federal and Michigan environmental laws and regulations, and Borrower hereby indemnifies Banks against any and all expenses and costs, including reasonable attorney fees, arising from or related to any breach of these warranties; (i) Borrower will pay when due all taxes, assessments and governmental charges and levies upon the Collateral, except those which are being contested in good faith by appropriate proceedings and with respect to which no lien exists; (j) Borrower will maintain complete and accurate books and records with respect to the Collateral, and furnish to the Agent, with sufficient copies for each of the Banks, such reports relating to the Collateral as the Agent shall from time to time request; (k) Borrower will not make or agree to make any discount, credit, rebate or other reduction in the original amount owing on an Account or accept in satisfaction of an Account less than the original amount thereof, except that, prior to the occurrence of a default (as specified in Paragraph 8 hereof), the Borrower may reduce the amount of Accounts arising from the sale of Inventory in accordance with its present policies and in the ordinary course of business. Except as otherwise provided in this Security Agreement, the Borrower will collect and enforce, at the Borrower's sole expense, all amounts due or hereafter due to the Borrower under the Accounts; (l) Borrower will (i) maintain fire and extended coverage insurance on the Inventory and Equipment containing a lender's loss payable clause in favor of the Agent and providing that said insurance will not be terminated except after at least 30 days' written notice from the insurance company to the Agent, (ii) maintain such other insurance on the Inventory and Equipment for the benefit of the Agent and the Banks as the Agent shall from time to time request, and (iii) furnish to the Agent upon the request of the Agent from time to time the originals of all policies of insurance on the Inventory and Equipment and certificates with respect to such insurance. All of Borrower's warranties contained in this Paragraph 5 are continuing warranties until Borrower has no remaining Obligations to Banks; (m) Borrower will do all things necessary to maintain, preserve, protect and keep the Inventory and Equipment in good repair and working and saleable condition; (n) Borrower will give the Agent notice of its acquisition of any vehicle covered by a certificate of title and deliver to Agent, upon request, the original of any vehicle title certificate and do all things necessary to have the lien of the Agent noted on any such certificate; and (o) Borrower shall not pledge or grant a lien or security interest, or sell, transfer, dispose or convey any of its right, title or interest in its patents, trademarks, trade names, copyrights or real property assets.

B) Borrower further warrants that: none of the locations where Collateral is located are leased by the Borrower as lessee except those designated in **Exhibit B** hereto; the names of the obligors, amounts owing, due dates and other information with respect to the Accounts, are and will be correctly stated in all records of the Borrower relating thereto and in all invoices and reports with respect thereto furnished to the Agent by the Borrower from time to time; none of the Collateral is of a type where security interests or liens may be filed under any federal statute except for the Intellectual Property listed on **Exhibit E**; no financing statement describing all or any portion of the Collateral which has not lapsed or been terminated naming the Borrower as debtor has been filed in any jurisdiction except financing statements naming the Agent and the Banks collectively as secured parties and as described in **Exhibit C** hereto.

C) **Exhibit D** sets forth a complete and accurate list of the Instruments, securities (as defined in the UCC) and other Investment Property delivered to the Agent. The Borrower is the direct and beneficial owner of each Instrument, security and other type of Investment Property listed on **Exhibit D** as being owned by it, free and clear of any liens, except for the security interest granted to the Agent for the benefit of the Banks hereunder. The Borrower further represents and warrants that (i) all such Instruments, securities or other types of Investment Property which are shares of stock in a corporation or ownership interests in a partnership or limited liability company have been (to the extent such concepts are relevant with respect to such Instrument, security or other type of Investment Property) duly and validly issued, are fully paid and non-assessable and (ii) with respect to any certificates delivered to the Agent representing an ownership interest in a partnership or limited liability company, either such certificates are securities as defined in Article 8 of the Uniform Commercial Code of the applicable jurisdiction as a result of actions by the issuer or otherwise, or, if such certificates are not securities, the Borrower has so informed the Agent so that the Agent may take steps to perfect its security interest therein as a General Intangible.

D) The Borrower will (i) deliver to the Agent immediately upon execution of this Security Agreement the originals of all Chattel Paper, securities and Instruments (if any then exist), (ii) hold in trust for the Agent upon receipt and immediately thereafter deliver to the Agent any Chattel Paper, securities and Instruments constituting Collateral, (iii) upon the designation of any Pledged Deposits (as set forth in the definition thereof), deliver to the Agent such Pledged Deposits which are evidenced by certificates included in the Collateral endorsed in blank, marked with such legends and assigned as the Agent shall specify, and (iv) upon the Agent's request, after the occurrence and during the continuance of a default as such term is used in paragraph 8 hereof, deliver to the Agent (and thereafter hold in trust for the Agent upon receipt and immediately deliver to the Agent) any Document evidencing or constituting Collateral.

E) The Borrower will permit the Agent from time to time to cause the appropriate issuers (and, if held with a securities intermediary, such securities intermediary) of uncertificated securities or other types of Investment Property not represented by certificates which are Collateral to mark their books and records with the numbers and face amounts of all such uncertificated securities or other types of Investment Property not represented by certificates and all rollovers and replacements therefor to reflect the lien of the Agent granted pursuant to this Security Agreement. The Borrower will take any actions necessary to cause (i) the issuers of uncertificated securities which are Collateral and (ii) any financial intermediary which is the holder of any Investment Property, to cause the Agent to have and retain control (as such term is defined in the UCC) over such securities or other Investment Property. Without limiting the foregoing, the Borrower will, with respect to Investment Property held with a financial intermediary, cause such financial intermediary to enter into a control agreement with the Agent in form and substance satisfactory to the Agent.

F) The Borrower will not (i) permit or suffer any issuer of privately held corporate securities or other ownership interests in a corporation, partnership, joint venture or limited liability company constituting Collateral to dissolve, liquidate, retire any of its capital stock or

other Instruments or securities evidencing ownership, reduce its capital or merge or consolidate with any other entity, or (ii) vote any of the Instruments, securities or other Investment Property in favor of any of the foregoing.

G) The Borrower will not permit or suffer the issuer of privately held corporate securities or other ownership interests in a corporation, partnership, joint venture or limited liability company constituting Collateral to issue any such securities or other ownership interests, any right to receive the same or any right to receive earnings, except to the Borrower.

H) The Borrower will permit the Agent or its nominee at any time after the occurrence of a default under Section 8 hereof, without notice, to exercise all voting and corporate rights relating to the Collateral, including, without limitation, exchange, subscription or any other rights, privileges, or options pertaining to any corporate securities or other ownership interests or Investment Property in or of a corporation, partnership, joint venture or limited liability company constituting Collateral as if it were the absolute owner thereof.

I) The Borrower will (i) upon the Agent's request, notify each bank or other financial institution in which it maintains a deposit account or other deposit (general or special, time or demand, provisional or final) of the security interest granted to the Agent hereunder and cause each such bank or other financial institution to acknowledge such notification in writing and (ii) upon the Agent's request, deliver to each such bank or other financial institution a letter, in form and substance acceptable to the Agent, transferring dominion and control over each such account to the Agent. In the case of deposits maintained with Banks, the terms of such letter shall be subject to the provisions of the Loan Agreement regarding setoffs. Except in the ordinary course of business and in connection with normal operating accounts, the Borrower will not withdraw all or any portion of any Pledged Deposit or fail to rollover said Pledged Deposit without the prior written consent of the Agent.

6. COLLECTION OF ACCOUNTS.

A) The Banks conditionally authorize Borrower to collect Accounts from Borrower's Account debtors provided, however, this privilege may be terminated by Agent at any time upon written notice from Agent (which Agent will send if so directed by the Requisite Banks) and, upon mailing such notice, Agent, on behalf of the Banks, shall have all of Borrower's rights, title, and interest in the Accounts, including a right of stoppage in transit. After notice as aforesaid or upon the occurrence of a default (as listed in Section 8 hereof), Agent may notify any Account debtors of Agent's security interest in Borrower's Accounts and shall be entitled to collect same, and Borrower will thereafter receive all Accounts payments as the agent of and as trustee for the Banks and will deliver to Agent on the day of receipt, all checks, cash, drafts, acceptances, notes and other Accounts payments and, until such delivery, Borrower shall not use or commingle any Accounts payments and shall at all times keep all such remittances separate and apart from Borrower's own funds, capable of identification as the Banks' property. Borrower agrees that all Accounts collected by Borrower shall be deposited in accounts in Borrower's name with Agent, to be shared on a pro-rata basis with the Banks. After any default, Borrower shall open all mail only in the presence of Agent's representative, who may remove

therefrom any Account remittance(s). Agent and its representatives are hereby authorized to endorse in Borrower's name, any item received by the Agent representing any payment on or proceeds of any of the Collateral, and may sign Borrower's name upon all Accounts, invoices, assignments, financing statements, notices to debtors, bills of lading, storage receipts, or other instruments or documents in respect to the Accounts, the proceeds therefrom, or property related thereto. Borrower shall promptly give Agent and the Banks copies of all Accounts statements, accompanied by such additional information, documents, or copies thereof, as the Agent or the Banks may request. Borrower shall maintain all records with respect to the Accounts and with respect to the general conduct and operation of Borrower's business, including balance sheets, operating statements and other financial information, in accordance with generally accepted accounting principles and as the Banks may request.

B) Until the Agent shall notify Borrower of the revocation of such power and authority, Borrower: (i) may, in the ordinary course of its business only, at Borrower's expense, sell, lease, or furnish under contracts of service any of the Inventory normally held by Borrower for such purpose; (ii) may use and consume any raw materials, work in process or materials, the use and consumption of which is necessary in order to carry on Borrower's business; and (iii) shall, at its own expense, endeavor to collect, as and when due, all amounts due with respect to any of the Collateral, including the taking of such collection action as the Requisite Banks may request or, in the absence of such request, as Borrower deems advisable. A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of any debt owed by Borrower.

As provided in the Loan Agreement, the Borrower shall, by July 31, 2000, execute and deliver to the Agent irrevocable lockbox agreements which agreements shall be accompanied by an acknowledgment by the bank where the lockbox is located of the lien of the Agent and the Banks granted hereunder and of irrevocable instructions to wire all amounts collected therein to a special collateral account at the Agent.

7. INFORMATION. Borrower agrees to permit any Bank or such Bank's agents to have access to and inspect the Collateral, and from time to time verify Accounts, Inventory, Equipment and other Collateral, and check, make copies of or extracts from the books, records and files of Borrower in whatever form, and Borrower shall make same available at any time for such purposes. Banks are hereby authorized to conduct from time to time such investigation of Borrower's continuing creditworthiness as such Bank deems appropriate including, without limitation, contact with Borrower's accountants or other third parties, and Banks are also authorized to respond to any credit inquiries received from trade creditors or other credit granting institutions. Borrower agrees to promptly supply the Banks with such financial and other information concerning its financial and business affairs, assets and liabilities as Banks may from time to time request, and Borrower agrees that Banks or their agents may from time to time verify Borrower's continuing compliance with any of Borrower's warranties made in Paragraph 5 above, at Borrower's cost and expense.

8. DEFAULT. A) Upon the occurrence of any one or more of the following events: Any representation or warranty made by or on behalf of the Borrower to the Agent or the Banks under or in connection with this Security Agreement shall be materially false; the breach by the

Borrower of any of the other terms or provisions of this Security Agreement; any material portion of the Collateral shall be transferred or otherwise disposed of, either voluntarily or involuntarily, in any manner not permitted by this Security Agreement or shall be lost, stolen, damaged or destroyed, or upon the occurrence of any Event of Default (as defined in the Loan Agreement), the Obligations may, at the Requisite Banks' option, and without demand or notice of any kind, be declared immediately due and payable and the Agent or Banks, as applicable, may exercise all rights and remedies, including the right to immediate possession of the Collateral, available to it under applicable law. Agent shall have the right to hold any property then in or upon the Collateral for the benefit of the Banks at time of repossession and not covered by this Agreement until return is demanded in writing. Borrower agrees, upon default, to assemble all the Collateral at a convenient place acceptable to the Agent, and to pay all costs of collection of the Obligations and enforcement of the Agent's or the Bank's rights, including reasonable attorney fees, together with all of Agent's or Bank's expenses in locating the Collateral and repairs to any realty or other property to which any of the Collateral may be affixed. Any notification of intended disposition of any of the Collateral required by law shall be deemed reasonably and properly given if sent by overnight courier at least five (5) calendar days before such disposition, addressed to Borrower either at the address shown in this Agreement or at any other address of Borrower appearing on the records of the Agent.

B. The Agent is hereby granted a license or other right to use, following the occurrence and during the continuance of a default as defined in Section 8 hereof, without charge, the Borrower's labels, patents, copyrights, rights of use of any name, Intellectual Property or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral, and, following the occurrence and during the continuance of such default, the Borrower's rights under all licenses and all franchise agreements shall inure to the Agent's benefit; provided any such use cannot violate or cause a default under any existing license agreement between Borrower and any third party. In addition, the Borrower hereby irrevocably agrees that the Agent may, following the occurrence and during the continuance of a default, sell any of the Borrower's Inventory directly to any person, including without limitation persons who have previously purchased the Borrower's Inventory from the Borrower and in connection with any such sale or other enforcement of the Agent's rights under this Agreement, may sell Inventory which bears any trademark owned by or licensed to the Borrower and the Agent may finish any work in process and affix any trademark owned by or licensed to the Borrower and sell such Inventory as provided herein.

C. With respect to Obligations which are contingent and cannot be accelerated by their nature, the Agent may require the Borrower to deposit cash or other acceptable collateral in an amount sufficient to cover principal and interest and fees which will have accrued by the maturity date on said Obligations to be held as security for said Obligations including those set forth in 7.2.2 of the Loan Agreement.

9. GENERAL. Except as otherwise defined in this Agreement, all terms in this Agreement shall have the meanings provided by the Michigan Uniform Commercial Code ("UCC"), as amended from time to time. Any Bank delay in exercising any power, privilege or right under this Agreement, or under any other instrument or agreement executed in connection with this Agreement shall not operate as a waiver thereof, and no single or partial exercise shall

preclude other or further exercise thereof, or the exercise of any other power, privilege, or right. The Agent's or any Bank's waiver of any default shall not constitute a waiver of any subsequent default, but shall be restricted only to the default waived. All rights, remedies and powers of Bank under this Agreement are irrevocable and cumulative and not alternative or exclusive, and shall be in addition to all rights, remedies, and powers given in any other instrument or agreement and by the Michigan Uniform Commercial Code. This Agreement cannot be modified except by a writing signed by Borrower and by the Agent (but only after consent of the Requisite Banks).

The Borrower hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the Borrower by overnight courier, addressed as set forth in the Loan Agreement, at least 5 days prior to any such public sale or the time after which any such private sale or other disposition may be made.

10. CHOICE OF LAW. This Agreement has been delivered in Michigan, and shall be construed in accordance with the laws of the State of Michigan. Whenever possible, each provision of this Agreement shall be interpreted to be effective and valid under applicable law, but if any provision of this Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without affecting the remainder of such provision or the remaining provisions of this Agreement. All rights and privileges of the Banks under this Agreement shall inure to the benefit of their respective successors and assigns, and this Agreement shall be binding on all heirs, executors, administrators, and successors of Borrower. If more than one Borrower has signed this Agreement their obligations shall be joint and several.

11. INDEMNITY. The Borrower hereby agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless the Agent and the Banks, and their respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, and expenses of any kind and nature, imposed on, incurred by or asserted against the Agent or the Banks, or their respective successors, assigns, agents and servants, by parties other than Borrower in any way relating to or arising out of this Security Agreement, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Agent or the Banks or the Borrower, and any claim for patent, trademark or copyright infringement). The Borrower shall reimburse the Agent and the Banks for any and all out-of-pocket expenses and internal charges (including reasonable attorneys', auditors' and accountants' fees and reasonable time charges of attorneys, paralegals', auditors and accountants who may be employees of the Agent or the Banks) paid or incurred by the Agent or the Banks in connection with the preparation, execution, delivery, administration, collection and enforcement of this Security Agreement and in the audit, analysis, administration, collection, preservation or sale of the Collateral (including the expenses and charges associated with any periodic or special audit of the Collateral).

12. THE AGENT.

A. Appointment and Powers. Michigan National Bank is hereby appointed Agent hereunder, and each of the Banks irrevocably authorizes the Agent to act as the agent of such Bank and as its contractual "representative" within the meaning of Section 9-105 of the Uniform Commercial Code in effect from time to time. The Agent agrees to act as such upon the express conditions contained in this Section 12. The Banks hereby appoint the Agent as their attorney-in-fact for the purpose of signing financing statements, additional security agreements, mortgages, and releases on behalf of the Banks.

B. Powers. The Agent shall have and may exercise such powers hereunder as are specifically delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Banks, or any obligation to the Banks to take any action hereunder except any action specifically provided by this Security Agreement to be taken by the Agent.

C. General Immunity. Neither the Agent nor any of its directors, officers, agents or employees shall be liable to the Banks or any Bank for any action taken or omitted to be taken by it or them hereunder or in connection herewith except for its or their own gross negligence or wilful misconduct.

D. Successor Agent. The Agent may resign, and the Requisite Banks (as defined in the Loan Agreement) may require the Agent to resign, from its duties as agent for the Banks hereunder, provided that no such resignation shall become effective until a successor agent has been appointed by the Requisite Banks. In the event that the Requisite Banks cannot agree on a successor agent, the Agent shall have the right to appoint any domestic bank or trust company to serve as successor agent. Any such successor agent shall have all of the rights and responsibilities of the original Agent hereunder. The successor agent shall be the same person acting as Agent under the Loan Agreement.

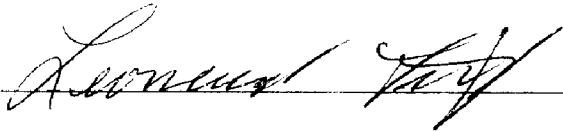
13. WAIVER OF JURY TRIAL. Agent, Banks and Borrower acknowledge and agree that there may be a constitutional right to a jury trial in connection with any claim, dispute or lawsuit arising between or among them, but that such right may be waived. Accordingly, the parties agree that notwithstanding such constitutional right, in this commercial matter the parties believe and agree that it shall be in their best interest to waive such right, and, accordingly, hereby waive such right to a jury trial, and further agree that the best forum for hearing any claim, dispute or lawsuit, if any, arising in connection with this Agreement or the relationship between Agent, Banks and Borrower, shall be a court of competent jurisdiction sitting without a jury.

14. EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same agreement. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

IN WITNESS WHEREOF Borrower and Agent, as Agent for the Banks, have executed this Security Agreement on the above-referenced date.

BORROWER:

HURON VALLEY STEEL CORPORATION
a Michigan corporation

By: 

Its: President

BANK:

MICHIGAN NATIONAL BANK, a national
banking association, **AS AGENT**

By: _____

Its: _____

0712986.05

IN WITNESS WHEREOF Borrower and Agent, as Agent for the Banks, have executed this Security Agreement on the above-referenced date.

BORROWER:

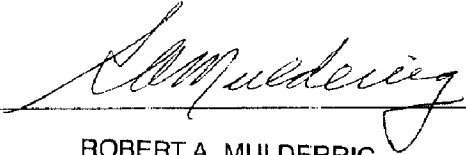
HURON VALLEY STEEL CORPORATION
a Michigan corporation

By: _____

Its: _____

BANK:

MICHIGAN NATIONAL BANK, a national
banking association, **AS AGENT**

By:  _____

Its: **ROBERT A. MULDERRIG**
HEAD OF ASSET STRUCTURING - N.A. _____

0712986.05

EXHIBIT A

(ADDRESSES)

41000 Huron River Drive
Belleville, MI 48111

820 Ware Street
Anniston, AL 36201

1301 West 138th Street
Riverdale, IL 60827

9110 Saint Stephens
Detroit, MI 48126

1670 Fritz Drive
Trenton, MI 48183
(magnetics division)

1717 Fort Street
Trenton, Michigan 48183

255 Marion
River Rouge, Michigan 48217
(owned by Fritz Enterprises, Inc.)

EXHIBIT B

(LEASED SITES WHERE COLLATERAL IS LOCATED)

Fritz Enterprises, Inc.
255 Marion
River Rouge, Michigan 48217

EXHIBIT C

**(OTHER FILINGS RELATING TO COLLATERAL)
SUMMARY OF HURON VALLEY STEEL CORPORATION
FINANCING STATEMENTS OF RECORD
AS OF APRIL 5, 2000,
AS SHOWN BY SEARCH WITH
THE MICHIGAN SECRETARY OF STATE**

1. File No. D523745
Filing Date: 5/28/99
Secured Party: ICON Office Solutions
Lease filing for printer interface and internet connection with memory upgrade.
2. Filing No. D523744
Filing Date: 5/28/99
Secured Party: ICON Office Solutions
Computer equipment informational lease filing.
3. File No. 74640
Filing Date: 7/26/96
Secured Party: Tractor and Equipment Company
Assigned to the CIT Group/Equipment Financing, Inc.
Komatsu Model WA450 2-wheel loader, with bucket, with copy of lease attached
Informational filing for lease.
4. File No. D352804
Filing Date: 3/20/98
Secured Party: ICON Office Solutions
One Canon Copier, lease; informational filing.
5. File No. D352803
Filing Date: 3/20/98
Secured Party: ICON Office Solutions
Canon Facsimile Copier with cabinet and chip, lease; informational filing.
6. File No. D321581
Filing Date: 1/22/98
Secured Party: ICON Office Solutions
Canon Facsimile Copier with memory chip, lease; informational filing.

7. File No. D220455
Filing Date: 4/15/97
Secured Party: ICON Office Solutions
Copiers, stapler sorter, lease informational filing.
8. File No. *D329253
Filing Date: 1/22/98
Secured Party: American Commercial Steel, Inc.
Steel coils produced and manufactured by Debtor as Consignor, financing statement filed for protective purposed only to give notices to protective purchasers that arrangement is not a financing arrangement, but is consignment only – **TAKE NOTE THAT INVENTORY OF AMERICAN COMMERCIAL STEEL, INC. MUST BE SORTED AND DELETED FROM LOAN BASE.**
9. File No. D279214
Filing Date: 9/12/97
Secured Party: National Steel Corporation
Filed against Trenton Steel Processing and Storage, with same I.D. Number as Huron Valley Steel Corporation, attaching a list of coils and steel products manufactured by Secured Party and delivered to the Debtor. UCC states that it is filed for protective purposes only. Property covered is all steel coils manufactured by Secured Party, including hot rolled steel product, cold rolled steel product, galvanized steel product – **NOTE THAT NO INVENTORY LOAN CAN BE MADE AGAINST THIS STEEL.**
10. File No. D631115
Filing Date: March 16, 2000
Secured Party: Charter Bank
Financing Statement covering rents and lease payments and all profits and/or contract rights derived under any agreement for real property located at 1670 Fritz Drive, Trenton – **INQUIRY MUST BE MADE AS TO WHAT EXACTLY IS COVERED BY THIS FINANCING STATEMENT – RENTS ARE GENERALLY NOT PROTECTED BY THE UCC.**
11. File No. D 627807
Filing Date: 3/8/00
Secured Party: ICON Office Solutions
Various Canon products, lease; informational filing.
12. File No. D624835
Filing Date: 2/29/00
Secured Party: ICON Office Solutions
Various items of office machinery, lease; informational filing.

13. File No. D6212365
Filing Date: 1/25/00
Secured Party: Bobcat Financial Services, Division of Associates Commercial Corporation
One Melroe Bobcat Model, together with attachments; PMSI.
14. File No. D611602
Filing Date: 1/25/00
Secured Party: ICON Office Solutions
Various items of office machinery and copier, lease; informational filing.
15. File No. D565042
Filing Date: 9/13/99
Secured Party: ICON Office Solutions
Canon copier, lease; informational filing.
16. File No. D560265
Filing Date: 8/31/99
Secured Party: Caterpillar Financial Services Corporation
One Caterpillar wheel loader model, together with related equipment.
17. File No. D560264
Filing Date: 8/31/99
Secured Party: Caterpillar Financial Services Corporation
New Caterpillar wheel loader model.
18. File No. D560263
Filing Date: 8/31/99
Secured Party: Caterpillar Financial Services Corporation
New Caterpillar wheel loader.
19. File No. D560262
Filing Date: 8/31/99
Secured Party: Caterpillar Financial Services Corporation
One Caterpillar wheel loader.

Filings 16 through 19 above appear to be purchase money security interest ("PMSI").

20. File No. D541280
Filing Date: 7/12/99
Secured Party: ICON Office Solutions
Canon copier, lease; informational filing.

21. File No. D481437
Filing Date: 2/22/99
Secured Party: ICON Office Solutions
Canon copier, lease; informational filing.
22. File No. D481302
Filing Date: 2/22/99
Secured Party: ICON Office Solutions
Canon fax machine, lease; informational filing.
23. File No. 95867B
Filing Date: 7/14/98
Secured Party: General Electric Capital Corporation
List of 5 forklift trucks; PMSI.
24. File No. D368877
Filing Date: 5/1/98
Secured Party: **Michigan National Bank**
Continuation of C120428, dated 9/13/88, which is also amended by a partial release under D051614, dated 1/11/96, also amended by C746767, dated 8/12/93, with additional continuation dated 6/14/93, filed in C727439, with original UCC-1A filing dated 9/13/98. C120428, filed by Michigan National Bank and relating to fixtures and equipment located on the described real estate, being City of Trenton, Wayne County, MI property on which the Bank presumably has a mortgage.
25. File No. 93557B
Filing Date: 4/15/98
Secured Party: General Electric Capital Corporation
6 forklifts; PMSI.
26. File No. D301738
Filing Date: 11/6/97
Secured Party: Caterpillar Financial Services Corporation
One Caterpillar wheel loader; PMSI.
27. File No. D296780
Filing Date: 10/27/97
Secured Party: Caterpillar Financial Services Corporation
Two Caterpillar wheel loaders; PMSI.
28. File No. D294078
Filing Date: 10/20/97
Secured Party: ICON Office Solutions
Various Canon copier products, lease; informational filing.

29. File No. D273948
Filing Date: 8/28/97
Secured Party: ICON Office Solutions
Various Canon facsimile, lease; informational filing.
30. File No. 86859B
Filing Date: 8/28/97
Secured Party: Caterpillar Financial Services Corporation.
Used Caterpillar wheel loader; PMSI.
31. File No. D187631
Filing Date: 1/24/97
Secured Party: Caterpillar Financial Services Corporation
Two Caterpillar pieces of equipment not identified as to type; PMSI.
32. File No. 80777B
Filing Date: 12/10/96
Secured Party: General Electric Capital Corporation
Two Bobcat Model skid steer loaders; PMSI.
33. File No. 708852B
Filing Date: 5/8/96
Secured Party: General Electric Capital Corporation
Five Hyster Challenger forklifts and related equipment; PMSI.
34. File No. 69227B
Filing Date: 4/2/96
Secured Party: General Electric Capital Corporation
One Hyster model forklift with related equipment; PMSI.
35. File No. 68566B
Filing Date: 3/18/96
Secured Party: General Electric Capital Corporation
Six Hyster model forklifts with related equipment; PMSI.
36. File No. 66145B
Filing Date: 1/19/96
Secured Party: Caterpillar Services Financial Corporation
Three Caterpillar wheel loaders; PMSI.

**SUMMARY OF HURON VALLEY STEEL CORPORATION
FINANCING STATEMENTS OF RECORD
AS OF JUNE 5, 2000,
AS SHOWN BY SEARCH WITH
THE ALABAMA SECRETARY OF STATE**

1. File No. 95-28448
Filing Date: 7/13/95
Secured Party: Tractor & Equipment Company, Inc.
Assigned to The CIT Group/Equipment Financing, Inc.
Two Komatsu Model WA450 2 wheel loaders
2. File No. 96-19311
File Date: 5/3/96
Secured Party: Tractor & Equipment Company, Inc.
Assigned to The CIT Group/Equipment Financing, Inc.
One Komatsu WA450 2 wheel loader with rockland 6 yd. bucket
3. File No. 96-51645
Filing Date: 12/10/96
Secured Party: General Electric Capital Corporation
Two Bobcat Skid Steer Loaders, lease; informational filing.
4. File No. 98-32578
Filing Date: 7/30/98
Secured Party: Caterpillar Financial Services Corp.
One Caterpillar 950G Wheel Loader; lease.
5. File No. 98-32579
Filing Date: 7/30/98
Secured Party: Caterpillar Financial Services Corp.
One Caterpillar 970F Wheel Loader; lease.
6. File No. 98-32580
Filing Date: 7/30/98
Secured Party: Caterpillar Financial Services Corp.
One Caterpillar 970F Wheel Loader; lease.
7. File No. 99-25567
Filing Date: 6/15/99
Secured Party: Tennant Financial Services
One Tennant 830-11 Diesel; lease.

EXHIBIT D

(LIST OF INSTRUMENTS)

None .

EXHIBIT E

(LIST OF INTELLECTUAL PROPERTY)

(See attached)

U.S. PATENTS

Field85	CaseNumber	Attor	Attor	Attom	Disclosure	Status	Title	Owner	Kwd1	kwd2	ClientRef	Remarks			
	HVS 104	JAK				Filed	METHOD AND APPARATUS FOR SORT-ING NON-FERROUS METAL PIECES///METHOD AND APPARATUS FOR SORTING NON-	HVSC							
												US	Granted	ORD	03191
	HVS 105	JAK				Filed	ROTOR FOR MAGNETICALLY SORTING DIFFERENT METALS	HVSC							
												US	Granted	ORD	015282
	HVS 106	JAK	JAK	JAK		Filed	METHOD AND APPARATUS FOR SIM- ULTANEOUSLY SEPARATING VOLATILE AND NON-VOLATILE MET-ALS///METHOD AND APPARATUS FOR SIMULTANEOUSLY	HVSC							
												US	Granted	ORD	029994
	HVS 107	JAK	JAK	JAK		Filed	APPARATUS FOR SIMULTANEOUSLY SEPARATING VOLATILE AND NON- VOLATILE METALS///APPARATUS FOR SIMULTANEOUSLY SEPARATING	HVSC							
												US	Granted	ORD	025255
	HVS 109	JAK	JAK	JAK		Filed	SCRAP SORTING SYSTEM///IP SORTING SYSTEM	HVSC							
												US	Granted	ORD	06048
	HVS 112	EJL				Filed	METAL SCRAP SORTING SYSTEM///HBS/IP SCRAP SORTER	HVSC							
												US	Abandoned	ORD	007618
	HVS 113	JAK	JAK	JAK		Filed	SCRAP SORTING SYSTEM	HVSC							
												US	Abandoned	ORD	047182
	HVS 117	EJL				Open	SCRAP SORTING SYSTEM								
	HVS 118	JAK				Open	EDDY CURRENT SEPARATOR								
												US	Issued	CON	007762
												US	Unfiled	ORD	
	HVS 119	JAK				Open	EDDY CURRENT SEPARATOR AND SEPARATION METHOD HAVING IMPROVED EFFICIENCY								
												US	Issued	ORD	0490354
	HVS 121	EJL				Open	METAL SCRAP SORTING SYSTEM								
												US	Pending	CON	00990058
	HVS 129	JAK				Open	APPARATUS AND METHOD FOR EDDY CURRENT SEPARATION OF PARTICLES								
												US	Abandoned	ORD	
	HVS 132	EJL				Open	METAL SCRAP SORTING SYSTEM								
												US	Pending	CON	0049173

→ 5,931,308

Application

TRADEMARKS

Registration #1648650, Serial #74/083360, filed June 25, 1991, in force until June 25, 2001.