G032082EEE

ORDINANCE NO. 900.1, SERIES 1982

BOND ORDINANCE

(As Amended)

AN ORDINANCE OF THE COUNTY OF PULASKI, KENTUCKY, PROVIDING FOR THE FINANCING AND ACQUISITION AND IMPROVEMENT OF AN INDUSTRIAL BUILDING PROJECT IN THE COUNTY; AUTHORIZING THE ISSUANCE OF THE COUNTY OF PULASKI ECONOMIC DEVELOPMENT REVENUE BONDS (BHB TIRES, INC. PROJECT - 1982 SERIES), IN THE PRINCIPAL AMOUNT OF $210,000; AUTHORIZING THE EXECUTION AND DELIVERY OF (1) A MORTGAGE, LOAN AND SECURITY AGREEMENT, WHEREBY THE COUNTY WILL LEND THE PROCEEDS OF THE BONDS TO BHB TIRES, INC. TO FINANCE THE COSTS OF THE PROJECT, AND WHEREBY THE BORROWER WILL AGREE TO MAKE PAYMENTS SUFFICIENT TO PAY THE PRINCIPAL AND INTEREST REQUIREMENTS ON THE BONDS AND SECURE THE BONDS WITH A MORTGAGE LIEN AND SECURITY INTEREST ON BOTH THE PROJECT AND THE PROPERTY, (2) A TRUST INDENTURE, WHICH SETS FORTH THE TERMS AND CONDITIONS UPON WHICH THE BONDS ARE TO BE ISSUED AND OUTSTANDING, AND PROVIDES FOR THE RIGHTS OF BONDHOLDERS AND THE ENFORCEMENT THEREOF, AND (3) A REPRESENTATION AND INDEMNITY AGREEMENT; PROVIDING FOR THE NEGOTIATED SALE OF THE BONDS, AND TAKING OTHER RELATED ACTION.

WHEREAS, the County of Pulaski, Kentucky (the "County"), a county and political subdivision of the Commonwealth of Kentucky, is authorized and empowered by the Industrial Buildings for Cities and Counties Act (Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes as amended, hereinafter referred to as the "Act"), to issue bonds and lend the proceeds of the bonds to any person to defray the costs of an industrial building as defined in the Act; and

WHEREAS, BHB Tires, Inc., a Kentucky Corporation, (the "Borrower"), has proposed that the County issue its Economic Development Revenue Bonds in the principal amount of $210,000 (the "Bonds"), pursuant to the Act, to finance the costs of improving the facilities and acquiring and installing equipment and machinery in premises located at Sunset Boulevard, U.S. Highway 27 South, in the County ("the Property"), for use as an industrial building (the "Project") to be used in manufacturing operations; and

WHEREAS, by Inducement Contract authorized by an Inducement Resolution Series 1981 adopted by the County on December 9, 1981 and other actions taken, the County agreed with the Borrower to finance the proposed Project; and

WHEREAS, pursuant to KRS 103.230, Borrower has requested in writing of the County Judge/Executive of the County that the sale and the terms of the Bonds be made privately upon a negotiated basis; and

WHEREAS, under the terms of the proposed Mortgage, Loan and Security Agreement (the "Loan Agreement"), the County will loan the proceeds of the Bonds to the Borrower to finance the costs of the Project and will receive payments from the Borrower sufficient to pay the principal and interest requirements of the Bonds, which payments shall be pledged, together with the Loan Agreement itself, which includes a mortgage and security interest on both the Project and the Property as security for the payment of the principal of and interest on the Bonds; and

WHEREAS, the County has satisfactorily investigated the financial condition, reputation, and ability of the Borrower to make the required payments over a period of years and has further found and determined that the issuance of the Bonds and the operation of the proposed Project will tend to relieve existing conditions of unemployment in the County and the Commonwealth and will otherwise promote the general welfare and economic development of the County and the Commonwealth and all of its citizens and inhabitants and fulfill the public purposes of the Act;

NOW, THEREFORE, BE IT ORDAINED BY THE FISCAL COURT OF THE COUNTY OF PULASKI, COMMONWEALTH OF KENTUCKY, AS FOLLOWS:

1. AUTHORIZATION OF PROJECT.

To accomplish the purposes of the Act, the Fiscal Court of the County of Pulaski hereby approves the Project described in the preambles hereto, which Project shall be acquired pursuant to the provisions of the Act.

2. AUTHORIZATION OF BONDS.

To accomplish the purposes of the Act and for the purpose of paying the costs of the Project, not otherwise provided, the County hereby authorizes and approves the issuance of the Bonds to be designated "County of Pulaski Economic Development Revenue Bonds (BHB Tires, Inc., Project - 1982 Series)," in the aggregate principal amount of Two Hundred Ten Thousand Dollars ($210,000), and bearing an interest rate of seventy percent of the Prime Rate, adjusted quarterly, provided, however, such interest rate shall not be less than Thirteen and One-half percent per annum, and such interest rate may be the Prime Rate in the event the interest on the Bonds is

determined to be subject to federal income taxation, or otherwise as provided in the Indenture. The "Prime Rate" means at any time the interest per annum most recently designated and announced from time to time by London Bank and Trust Company as its "Prime Rate" in effect at its principal office.

3. APPROVAL AND AUTHORIZATION OF EXECUTION OF VARIOUS DOCUMENTS

The substance and form of the following documents, in the respective forms attached to this Ordinance, are hereby approved, subject to such minor changes, insertions, or omissions as may be approved by the County Judge/Executive such approval to be conclusively evidenced by his execution of said documents, in order to effectuate the purposes of this Ordinance; and the County Judge/Executive is hereby authorized to execute and acknowledge same for and on behalf of the County; and the Fiscal Court Clerk is authorized to attest same and to affix thereto the seal of the County. Said documents are hereby ordered to be filed in the office of the County Clerk of Pulaski County, Kentucky, labeled respectively, Exhibits A, B, C, and D, as identified below, and each of said documents is ordered to be recorded with this Ordinance in the official records of the County:

(a) The Mortgage, Loan and Security Agreement (and assignment to First National Bank of Louisville, Louisville, Kentucky) (the "Loan Agreement") between the County and the Borrower (Exhibit A).

(b) The Trust Indenture (the "Indenture"), between the County and First National Bank of Louisville, Louisville, Kentucky, as Trustee. (Exhibit B).

(c) The Representation and Indemnity Agreement among the County, the Borrower, the Purchaser of the Bonds and the Guarantors of the Bonds. (Exhibit C).

(d) The Mortgage Note of the Borrower (and the endorsement thereon to First National Bank of Louisville) (the "Note"). (Exhibit D).

4. BOND DETAILS AND SALE.

The interest rates payable monthly, maturities, prepayments, places of payment, form and other particulars and terms of the Bonds shall be as provided in the form of the Bonds set out in the Indenture and in accordance with other applicable provisions of the Indenture. The initially issued Bonds, the Loan Agreement, the Indenture and the Representation and Indemnity Agreement shall be dated the date of the delivery of the initially issued Bonds to the Purchaser and the receipt of payment for the Bonds. In accordance with the terms of sale, privately negotiated by the Borrower, the Bonds shall be sold to London Bank and Trust Company, London, Kentucky for an amount equal to the aggregate principal amount of the Bonds.

5. PAYMENT OF BONDS.

The revenues and other payments to be received by the County under the terms of the Loan Agreement and the Note are determined to be sufficient to pay the principal of and interest on the Bonds as the same become due and payable; and all of said payments and other payments received under the Loan Agreement and the Note and all other revenues arising out of or in connection with the Project, together with the Note, the Loan Agreement, and the mortgage and security interest on both the Project and the Property are here-

by pledged to secure the Bonds, and in addition, for such other purposes as are more fully specified in the Loan Agreement and the Indenture. All such income and revenues of the Project shall be set aside, and held in the special funds created by the Indenture and applied in accordance with the provisions of the Indenture. The Bonds shall be special obligations of the County, payable solely from the revenues or other receipts, funds, moneys or property pledged therefore. Neither the Commonwealth of Kentucky nor any political subdivision nor any municipality shall be obligated to pay the Bonds, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision or any municipality is pledged to pay the Bonds.

The Bonds shall be guaranteed by the Borrower's three shareholders, Charles Binder, Larry Hughes and Rick Brown.

6. DESIGNATION OF TRUSTEE.

First National Bank of Louisville, Louisville, Kentucky, is hereby designated as the corporate trustee under the Indenture and also as the paying agent and bond registrar for the Bonds.

7. EXECUTION OF BONDS.

The Bonds shall be executed, sealed and attested in the manner provided in the Indenture and shall be delivered to the Trustee for proper authentication and delivery by the Trustee to the Purchaser, as provided in the Indenture.

8. DISBURSEMENT OF BOND PROCEEDS.

The Project shall be accomplished as provided in the Loan

Agreement and the proceeds of the Bonds shall be applied to pay the costs of the Project as provided in the Loan Agreement and the Indenture.

9. COUNTY JUDGE/EXECUTIVE AND OTHER COUNTY OFFICIALS TO TAKE ANY OTHER NECESSARY ACTION.

Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the County Judge/Executive, the Fiscal Court Clerk, and all other appropriate officials of the County are hereby authorized and directed to take any and all further action and to execute and deliver all documents as may be necesary to effect the issuance and delivery of the Bonds, and to take any and all further action contemplated by the Loan Agreement and the Indenture following the issuance of the Bonds, provided that neither the County nor any of its magistrates, officers, employees or agents shall incur any general liability thereby.

10. COMPLIANCE WITH FEDERAL ARBITRAGE REQUIREMENTS

The County covenants that sums derived from the proceeds of the Bonds shall not be applied in a manner which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 103 of the Internal Revenue Code, as amended, and the applicable Regulations thereunder.

Prior to or at the time of delivery of the Bonds, the County Judge/Exeucitve, who is charged with the responsibility for the issuance of the Bonds, is authorized to execute the appropriate certification with reference to the matters required and contemplated by such statute and regulations, setting out all known and

contemplated facts concerning the anticipated construction, expenditures, and investments, including the execution of necessary and/or desirable certifications contemplated by the aforesaid regulations in order to assure that interest on the Bonds will be exempt from all federal income taxes and that the Bonds will not be treated as "arbitrage bonds". Such officer is entitled to rely upon information furnished by the Borrower in making such certifications and representations unless he shall be aware of any fact or circumstances which would cause such certifications or representations to be questioned.

11. OBLIGATIONS OF COUNTY.

All covenants, stipulations, obligations and agreements of the County contained in this Ordinance, the Indenture, the Representation and Indemnity Agreement and the Loan Agreement shall be deemed to be the covenants, stipulations, obligations and agreements of the County to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the County and its successors from time to time and upon any board or body to which any powers or duties, affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in the Ordinance, all rights, powers and privileges conferred and duties and liabilities imposed upon the County by the provisions of this Ordinance, the Indenture, the Representation and Indemnity Agreement or the Loan Agreement shall be exercised or performed by

the County by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties. No covenant, stipulation, obligation or agreement contained in this Ordinance, the Indenture, the Representation and Indemnity Agreement or the Loan Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the County or of the Commonwealth of Kentucky in his individual capacity and neither the members of the Fiscal Court nor any officer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

12. SEVERABILITY CLAUSE.

If any section, paragraph, clause, or provision of this Ordinance shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause, or provision shall not affect any of the remaining provisions hereof.

13. CAPTIONS OF CLAUSES.

The captions of this Ordinance are for convenience only and are not to be construed as part of this Ordinance nor as defining or limiting in any way the scope or intent of the provisions hereof.

14. PROVISIONS IN CONFLICT REPEALED.

All ordinances, resolutions, and orders, or parts thereof,

in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed.

15. EFFECTIVE DATE OF ORDINANCE.

This Ordinance shall take effect from and after its adoption, approval, and publication of Notice of Adoption hereof (including the title of this Ordinance), which publication is hereby approved and ordered to be made by the Clerk of the Fiscal Court, pursuant to KRS 103.210.

INTRODUCED, SECONDED, AND GIVEN FIRST READING at a duly convened meeting of the Fiscal Court of the County of Pulaski, Kentucky, held on February 17, 1982.

GIVEN SECOND READING AND ENACTED at a duly convened meeting of said Fiscal Court held on 3-24, 1982, by a roll call vote of 5 members in favor and 0 members opposed, signed by the Presiding Officer and the Clerk of the Fiscal Court of said County, and approved by the County Judge/Executive of said County under the seal of said County.

Date: 3-24, 1982.

William Mayfield C.F.C. John W Gamm P.F.C.

APPROVED: March 24, 1982 John W Gamm
COUNTY JUDGE/EXECUTIVE

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CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting Clerk of the Fiscal Court of the County of Pulaski, Kentucky, and as such Clerk, I further certify that the foregoing is a true, correct and complete copy of an Ordinance duly adopted by the Fiscal Court of said County at a regular meeting duly called and held on March 24, 1982, at which a quorum was present, signed by the County Judge/Executive, and now in full force and effect, and that all action taken in connection with such ordinance was in compliance with the requirements of rules adopted by the Fiscal Court governing its proceedings, and of KRS 61.810, 61.815, 61.820 and 61.825, and of KRS 67.077, all as appears from the official records of said County and Fiscal Court in my possession and under my control pursuant to KRS 67.100 and 67.120.

IN WITNESS WHEREOF, I have hereunto set my hand this 24 day of March, 1982.

William Hansford
Clerk of Fiscal Court

G031982EEE

MORTGAGE, LOAN AND SECURITY AGREEMENT
Dated March 29, 1982

between

COUNTY OF PULASKI, KENTUCKY
as Issuer

and

BHB TIRES, INC.
as Borrower

securing

County of Pulaski, Kentucky
$210,000 Economic Development Revenue Bonds
(BHB Tires, Inc. Project - 1982 Series)

Assignment of Leases to County of Pulaski, Kentucky

Assignment of Mortgage, Loan and Security Agreement
And of Assignment of Leases to First National Bank of Louisville
as Trustee

Middleton & Reutlinger
501 South Second Street
Louisville, Kentucky 40202

Bond Counsel

EXHIBIT A

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MORTGAGE, LOAN AND SECURITY AGREEMENT

THIS MORTGAGE, LOAN AND SECURITY AGREEMENT (the "Loan Agreement"), made as of March 29, 1982 by and between the COUNTY OF PULASKI (the "Issuer"), Commonwealth of Kentucky, a political subdivision of said Commonwealth, as Lender, and BHB TIRES, INC. (the "Borrower"), a Kentucky corporation, 106 Yaden Road, London, Kentucky, as Borrower. In consideration of the premises and of the mutual representations, covenants and agreements set forth herein, the Issuer and the Borrower do mutually promise, covenant and agree as follows:

DEFINITIONS

In addition to the words and terms defined elsewhere herein, the following words and terms as used in this Loan Agreement shall have the following meanings, unless the context clearly otherwise requires:

"Act" means the Industrial Buildings for Cities and Counties Act, KRS 103.200 to 103.285, as amended.

"Authorized Borrower Representative" means the President of the Borrower or any other person designated from time to time to act on behalf of the Borrower by a written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by its duly authorized officer.

"Bond" or "Bonds" means the $210,000 County of Pulaski Economic Development Revenue Bonds (BHB Tires, Inc. Project - 1982 Series) issued pursuant to the Indenture.

"Bond Counsel" refers to the law firm of Middleton & Reutlinger, Louisville, Kentucky or other counsel determined by the Trustee to be qualified to pass upon legal questions relating to municipal bonds.

"Bond Fund" shall have the meaning assigned to such term in the Indenture.

"Bondholder" or "holder" means, when used with reference to the Bonds, the registered owner of any Bond.

"Bond Payment Date" means any of the dates specified under the Indenture for payment of interest or principal on the Bonds, including any prepayments of the Bonds.

"Borrower" means BHB Tires, Inc., a Kentucky corporation, or any surviving, resulting, or transferee partnership or corporation.

"Borrower's Address" means 106 Yaden Road, London, Kentucky 40741.

"Code" and "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended, and the applicable regulations thereunder.

"Commonwealth" means the Commonwealth of Kentucky.

"Completion Certificate" means the certificate required by Section 3.3 hereof and in the form of Exhibit A hereto.

"Completion Date" means the date of completion of the acquisition, and installation of the Project, as certified in the Completion Certificate.

"Construction Fund" shall have the meaning assigned to such term in the Indenture.

"Counsel" means an attorney-at-law or law firm (who or which may be counsel to the Borrower or the Issuer) satisfactory to the Trustee.

"Event of Default" means any of those events of default, specified and defined in Section 12.1 hereof.

"Execution Date" means the date of execution and delivery of this Loan Agreement, the Indenture, and the Bonds, as specified on the cover page hereof.

"Force Majeure" means acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States, of the Commonwealth of Kentucky, or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, tornadoes, floods, washouts, droughts, arrests, restraining of government and people, civil disturbances, explosions, breakage or accidents to machinery, transmission pipes or canals, partial or entire failure of utilities, or any other cause not reasonably within the control of the party claiming such inability, provided, however, that none of the foregoing shall constitute a "Force Majeure" to the extent that the Borrower is insured against such occurrence.

"Guarantors" means Charles Binder, an individual, and his personal representatives; Larry Hughes, an individual, and his personal representatives; and Rick Brown, an individual, and his personal representatives.

"Guaranty Agreement" means the Guaranty Agreement of even date herewith between the Trustee and the Guarantors with respect to the Bonds.

"Indenture" means the Trust Indenture pursuant to which the Bonds are issued, dated of even date herewith by and between the Issuer and the Trustee, as the same may be amended or supplemented in accordance with its terms.

"Inducement Date" means December 9, 1981, on which date a resolution of intent or inducement to assist in the financing of the Project was adopted by the Issuer.

"Issuance Costs" means items of expense payable by or reimbursable directly or indirectly to the Issuer or the Borrower and related to the authorization, issuance, and sale of the Bonds, which items of expense shall include, but not be limited to, costs of reproducing documents, mailing, delivery, and telephone charges, filing and recording fees, initial fees and charges of the Trustee, fees and disbursements of Bond Counsel, Counsel, and other professional consultants, and other costs, fees and charges related to the foregoing.

"Issuer" means the County of Pulaski, Kentucky, a duly organized and existing political subdivision of the Commonwealth of Kentucky.

"Issuer's Address" means Pulaski County, Pulaski County Courthouse, Somerset, Kentucky 42501, Attention: County Judge/Executive.

"Issuer's Agents" means the County Judge/Exeuctive and any magistrate, officer, employee, representative, or agent of the Issuer.

"Loan Agreement" means this Mortgage, Loan and Security Agreement, as the same may be amended in accordance with its terms and the terms of the Indenture.

"Loan Repayments" means the payments required under the Note in amounts sufficient to enable the Issuer to make payment of the principal of and interest on the Bonds as and when the same become due (whether by maturity, acceleration, or prepayment), in the case of acceleration payable in accordance with the provisions hereof and of the Indenture but otherwise payable in consecutive installments, beginning on the first Bond Payment Date, and continuing thereafter on each succeeding Bond Payment Date until the Bonds have been fully paid (or provision made therefor) in accordance with the Indenture, provided that each installment that would otherwise be due on a Bond Payment Date shall be due one business day in advance thereof.

"Loan Term" means the term of this Loan Agreement, i.e., the period from the Execution Date through full payment of the principal of and interest on the Bonds in accordance with the Indenture, and of all other amounts due or to become due under this Loan Agreement and the Indenture, (or provision therefor) upon which payment this Loan Agreement shall terminate except for any obligations which

shall survive the Loan Term as the result of a Determination of Taxability.

"Note" means the note of Borrower to the Issuer dated the Execution Date, and in the principal amount of $210,000.00, and payable on or before March 1, 1992.

"Periodic Reports" means the balance sheet as of the end of the Borrower's fiscal year and the statement of income and expenses for such fiscal year of the Borrower, prepared in accordance with generally accepted accounting principles consistently applied and reviewed by an independent certified public accountant.

"Permitted Encumbrances" means and includes (i) liens for taxes or assessments or governmental charges or levies not yet due or delinquent, or which can thereafter be paid without penalty, or which are being contested in good faith in accordance with Section 6.1 hereof; (ii) unfiled inchoate mechanics' and materialmen's liens for construction work in progress; (iii) workmen's, repairmen's, warehousemen's, and carriers' liens and other similar liens, if any, arising in the ordinary course of business; (iv) all of the following, if, in the opinion of Counsel, they do not individually or in the aggregate materially impair the use of the Project or the Property or materially detract from the value thereof to the occupant of the Project or the Property, viz: -- any easements, restrictions, mineral, oil, gas, and mining rights and reservations, zoning laws, and defects in title; (v) any lien for the satisfaction and discharge of which a sum of money deemed adequate by the Trustee is on deposit with the Trustee; (vi) liens created by or resulting from any litigation or other proceedings, including liens arising out of

judgments or awards against the Borrower with respect to which the Borrower is in good faith prosecuting an appeal or proceeding for review; (vii) other liens of a nature comparable to those described in clauses (i) through (vi) above which do not in the opinion of the Counsel, materially interfere with or impair the use of the Project or the Property or materially detract from the value thereof; (viii) the mortgage and security interest in both the Project and the Property created under this Loan Agreement; (ix) the security interest created under the Indenture.

"Plans" means the plans and budget for the Project in such reasonable detail as to satisfy the requirements of the Issuer and the Trustee, as the same may be revised from time to time in accordance with Section 3.2.

"Prime Rate" means at any time the interest per annum most recently designated and announced from time to time by London Bank and Trust Company as its "Prime Rate" in effect at its principal office on the first day of the calendar quarter in which any payment is due.

"Principal", when used with reference to the principal of the Bonds, means principal of the Bonds and, where applicable, any premium in addition to principal due upon redemption of the Bonds.

"Project" means the work performed on the improvements on the Property according to the Plans, as well as all those items of machinery and equipment acquired from the proceeds of the Bonds which are generally described in Exhibit B attached hereto (which is hereinafter sometimes referred to as the "Equipment Portion of the Project"), together with all additions and alterations thereto and

substitutions therefor, all of which improvements, machinery and equipment is to be done, installed and used at the Property.

"Project Costs" means (a) obligations of the Borrower incurred for labor, materials and equipment, and to contractors, builders, and materialmen in connection with the acquisition, construction, improvement and installation of the Project; (b) the cost of acquiring necessary land or rights in land and any costs incidental thereto, including costs of insuring the title of the Borrower to the Project and the lien of the Issuer and the Trustee in the Project, as their interests may appear, and recording and filing fees; (c) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project which is not paid by the contractor or contractors or otherwise provided for; (d) all costs of architectural and engineering services, including test borings, surveys, estimates, plans and specifications and preliminary investigations, and supervision of construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the Project; (e) Issuance Costs; (f) all other costs which the Borrower shall be required to pay under the terms of any contract or contracts for the acquisition, construction, and installation of the Project; (g) other costs of a nature comparable to those described in clauses (a) through (f) above which the Borrower shall be required to pay as a result of the damage, destruction, condemnation, or taking of the Project or any portion thereof; and (h) any sums required to reimburse the Issuer or the Borrower for advances

made which are properly chargeable to the Project and which may be financed by the Bonds under the Act.

"Property" means that real estate described in Exhibit C and all improvements thereon.

"Requisition Certificate" means the certificate required by Section 3.1 hereof and in the form of Exhibit D hereto.

"Representation and Indemnity Agreement" means the Representation and Indemnity Agreement of even date herewith among the Borrower, the Issuer, the Guarantors and the Purchaser of the Bonds.

"Title Opinion of Counsel" shall mean a legal opinion of an attorney who is licensed to practice law in the Commonwealth of Kentucky and who is approved by the Purchaser. The opinion shall state (i) that the mortgage lien of the Issuer and of the Trustee in the Project and the Property, as their interests may appear, is enforceable and subordinate only to Permitted Encumbrances; and (ii) that the security interest of the Issuer and of the Trustee in the Project, as their interests may appear, is enforceable and subordinate only to Permitted Encumbrances. The opinion shall provide that any amounts for which such attorney may become liable as a result of having rendered the opinion shall be paid into the Construction Fund or Bond Fund as the Trustee shall direct.

"Trustee" means First National Bank of Louisville, Louisville, Kentucky, a national banking association, and its successors or assigns, or any successor trustee under the Indenture.

"Trustee's Address" means First National Tower, P.O. Box 36000, Louisville, Kentucky 40233, Attention: Corporate Trust Department.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa, and all capitalized words and terms used in this Loan Agreement and not defined herein shall, if defined in the Indenture, have the meaning set forth therein.

PREMISES

A. The Issuer is a county organized and existing under the laws of the Commonwealth and as such is authorized under the Act to issue its revenue bonds and loan the proceeds thereof to a corporation in order to finance the cost of acquiring, constructing, and operating manufacturing facilities, including real property,

improvements thereto and machinery and equipment deemed necessary in connection therewith, so as to accomplish the public purpose of promoting the economic development of the Commonwealth and relieving conditions of unemployment therein, provided that such bonds are payable solely from the loan repayments and other revenues received with respect to such loan and do not constitute an indebtedness of the Issuer within the meaning of the Constitution of the Commonwealth.

B. The Issuer has by an ordinance duly enacted and approved on March 25, 1982 (the "Bond Ordinance") authorized the issuance of the Bonds pursuant to the Act and the loan of the proceeds thereof to the Borrower to finance the acquisition, construction and installation of the Project hereinbefore defined for use and occupancy by the Borrower in furtherance of its manufacturing purposes. The Issuer has found and declared in the Bond Ordinance that the Project will further the public purposes of the Act by promoting the economic development of the Commonwealth and relieving conditions of unemployment therein.

C. The Bond Ordinance authorizes the private sale of the Bonds pursuant to KRS 103.230(1) to the Purchaser.

D. Pursuant to the Bond Ordinance, the Issuer has simultaneously herewith executed and delivered to the Trustee the Indenture and has issued and secured the Bonds thereunder.

E. The payment of the principal and redemption price of and interest on the Bonds when due and performance of all of the

Borrower's obligations hereunder and under the Note have been guaranteed by the Guarantors pursuant to a Guaranty Agreement dated as of the date hereof between the Guarantors and the Trustee.

ARTICLE I

REPRESENTATIONS BY BORROWER

The Borrower makes the following representations and warranties as of the Execution Date for the benefit of and reliance on by the Issuer, the Trustee, and the Bondholders:

A. The Borrower is a corporation duly incorporated and existing under the laws of the Commonwealth; it is authorized to do business in and is in good standing in the Commonwealth; it has the power to enter into this Loan Agreement and the Note and by proper corporate action has duly authorized the execution and delivery of this Loan Agreement and the Note and it is subject to service of process in the Commonwealth.

B. Neither the execution and delivery of this Loan Agreement and the Note, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Loan Agreement and the Note, will result in a breach of or constitute a default under any of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Borrower is now a party or by which it is bound, or constitute a default under any of the foregoing.

C. This Loan Agreement and the Note are valid and binding obligations of the Borrower and are enforceable in accordance with their respective terms.

D. The financing, acquisition, and completion of the Project as provided under this Loan Agreement, and the intentions of the Issuer with respect thereto, have induced the Borrower to locate the Project within the boundaries of the Issuer, will create jobs and employment opportunities within the boundaries of the Issuer and the Commonwealth, and will promote the economic development of the Issuer and the Commonwealth.

E. The Project is included within the definition of "industrial building" in KRS 103.200(1) in that it will be used for the manufacture of retread tires.

F. The Borrower has not taken and will not take any action, and knows of no action that any other person, firm or corporation has taken or intends to take, which would cause interest on the Bonds to be includable in the gross income of the recipients thereof for federal income tax purposes. The Borrower will not take or omit to take any action which action or omission will in any way cause the proceeds of the Bonds to be applied in a manner contrary to that provided in this Loan Agreement or the Indenture, as in force from time to time.

G. Substantially all (90% or more) of the proceeds of the Bonds will be used for costs paid or incurred on or subsequent to December 9, 1981 (the date of the first official action taken by the Issuer with respect to the issuance of the Bonds for the Project) for the acquisition, construction and improvement of land or property of a character subject to the allowance for depreciation under the Code. No expenses for supervision by the officers or employees of Borrower and no expenses for work done by such officers or em-

ployees in connection with the Project in excess of the actual cost thereof are or will be included in Project Costs which are to be paid from bond proceeds or investment earnings thereon, unless such expenses qualify for expenses for the acquisition, construction or reconstruction of land or property of a character subject to the allowance for depreciation provided in Section 167 of the Internal Revenue Code and are chargeable to the capital account of the borrower for federal income tax purposes and are so charged by the borrower. None of the Bond proceeds will be used directly or indirectly as working capital or to finance inventory.

H. There is outstanding no issue of industrial development bonds (as defined in Section 103 (b)(2) of the Code) the proceeds of which have been or will be used with respect to facilities the principal users of which are or will be the Borrower, any other principal user of the Project or any related person (as defined in Section 103(b) of the Code) which is or will be wholly or partially located within the boundaries of the Issuer.

I. The representations and warranties of the Borrower contained in the Representation and Indemnity Agreement are incorporated herein and made a part hereof.

ARTICLE II

THE BONDS AND PROCEEDS THEREOF

Section 2.1. The Bonds. The Issuer has authorized the issuance and sale and delivery of the Bonds. The proceeds of the Bonds shall be deposited in the Construction Fund. The obligations of the Issuer and the Borrower under this Loan Agreement are expressly conditioned upon delivery of the Bonds to the Purchaser

and receipt of the proceeds thereof by the Trustee.

Section 2.2. Investment of Bond Fund and Construction Fund. All monies held as a part of the Bond Fund or the Construction Fund shall, at the request of the Borrower (to be made or confirmed in writing), be invested, reinvested, or applied by the Trustee in accordance with and subject to the conditions of Sections 402 and 403, and Articles V and VI of the Indenture.

Section 2.3. Arbitrage Covenant. The proceeds of the Bonds shall not be used directly or indirectly to acquire securities or obligations, or to replace funds which were used directly or indirectly to acquire securities or obligations, which will produce a yield which is materially higher than the yield on the Bonds as determined in accordance with Section 103(c) of the Code, and no use of the proceeds of the Bonds, or any other funds which may be deemed to be proceeds of the Bonds pursuant to Section 103(c) of the Code, shall be made which would cause the Bonds to be "arbitrage bonds" within the meaning of such Section, and the Issuer and the Borrower shall comply with the requirements of such Section of the Code and with the requirements of Section 402 of the Indenture throughout the term of the Bonds.

ARTICLE III

FINANCING OF PROJECT

Section 3.1. Disbursements from Construction Fund. So long as no Event of Default has occurred and is continuing, the Issuer, in the Indenture, has authorized the Trustee to make payments from the Construction Fund to pay the Project Costs, upon receipt of a Requisition Certificate (with a copy to the Issuer if requested),

signed by an Authorized Borrower Representative, subject to the requirements and with the information and proof required by Section 501 of the Indenture.

The Borrower shall provide the Trustee with sworn statements and lien waivers by contractors, subcontractors, suppliers, and materialmen with respect to work on the Project, title endorsements, and an itemization of the Project Costs in sufficient detail to evidence the incurring of the portion of the Project Costs, for the payment of which requisition has been or is then being made. The Borrower shall permit the Trustee, upon request, to audit the records of the Borrower relating to the Project Costs. A copy of such audit shall be furnished to the Issuer upon request. At least 10% of the face amount of the Bonds shall be held by the Trustee in the Construction Fund until the Trustee receives a statement of Project Costs and the CPA opinion required by Section 501 of the Indenture.

Section 3.2. Obligation of Borrower to Complete Project. Using to the extent sufficient therefor the net proceeds derived from the issuance and sale of the Bonds, and additional funds, if necessary, provided by the Borrower, the Borrower shall promptly complete the Project substantially in accordance with the Plans. The Borrower shall make available to the Issuer and the Trustee a copy of the Plans and such other information concerning the Project as the Issuer and the Trustee may reasonably request. The Borrower may revise the Plans, subject to the consent of the Trustee.

The Issuer makes no warranty, either express or implied, and

offers no assurances that the proceeds derived from the sale of the Bonds will be sufficient to pay all Project Costs, and the Issuer shall not be liable to the Borrower if for any reason the Project is not completed. In the event the monies in the Construction Fund are insufficient to pay all Project Costs, the Borrower shall complete the Project and pay the Project Costs in excess of the monies available therefor in the Construction Fund. The Borrower shall not, by reason of the payment of any such portion of the Project Costs, be entitled to any reimbursement from the Issuer or to any diminution or abatement in the Note. If the Project is not completed, the Borrower shall nevertheless be obligated to pay the Note and shall be responsible for all other obligations imposed on it by this Loan Agreement, it being the intention of the parties that all risk of failure to complete the Project shall be assumed entirely by the Borrower and not the Issuer.

Section 3.3. Completion Certificate. The Completion Date of the Project and the payment of all Project Costs (other than any amounts retained by the Trustee for the payment of any Project Costs not then due and payable or being contested by the Borrower), shall be evidenced to the Trustee and the Issuer by the Completion Certificate.

The Note shall be prepaid and the Bonds redeemed if the Borrower is unable to or fails to deliver the Completion Certificate or the CPA opinion as to Project Costs in accordance with Section 503 of the Indenture.

Section 3.4. Use of Surplus Bond Proceeds. As soon as

practicable and in any event within 60 days from the date of delivery of the Completion Certificate, any balance remaining in the Construction Fund (other than any amounts retained by the Trustee for payment of any Project Costs not then due and payable or being contested by the Borrower), shall be applied as provided in Sections 203(B) and 502 of the Indenture. As soon as practicable after the payment of all remaining Project Costs, all amounts remaining in the Construction Fund shall be applied as provided in Sections 203(B) and 502 of the Indenture. In such event, Borrower shall pay any additional amounts needed to pay accrued interest on the prepaid portions of the Note and the Bonds.

Section 3.5. Borrower's Recovery under Breach of Warranty. In the event of default or breach of warranty by any contractor or supplier in connection with the Project or with respect to any materials, workmanship, or performance or other guaranty, the Borrower, after notification to the Issuer and the Trustee, may proceed, either separately or in conjunction with others, to pursue such remedies against the party in default and against each surety as it may deem advisable. Any amounts recovered by way of damages, refunds, adjustments, or otherwise in connection with the foregoing prior to the Completion Date shall be paid into the Project Fund or, if recovered after the Completion Date, shall be paid into the Bond Fund.

ARTICLE IV

THE LOAN AND LOAN REPAYMENTS

Section 4.1 The Loan. The Issuer does hereby loan to the

Borrower, and the Borrower does hereby borrow from the Issuer, upon the terms and conditions set forth herein and in the Indenture, the proceeds of the Bonds in the amount of $210,000, such loan to be evidenced by the Note. Such loan proceeds shall be disbursed to or on behalf of the Borrower as provided herein and in the Indenture to pay the Project Costs.

Section 4.2. Loan Repayments. During the Loan Term the Borrower shall make payments on the Note to the Trustee for the account of the Issuer, in an amount which, when added to any monies then on deposit in the Bond Fund and available therefor, shall be equal to the amount payable on each due date of Principal or interest on the Note, including any payments due by acceleration, prepayment or otherwise, and the Principal and interest on the Note shall be due on the dates and in the amounts and the interest shall be computed at the rates and in the manner set forth in the Note and shall be paid one business day in advance of the due date. Borrower shall also pay when due all other amounts due hereunder. Loan Repayments and all other payments hereunder shall be in immediately available funds and shall be deposited by the Trustee in the Bond Fund. If on any Bond Payment Date the balance in the Bond Fund is insufficient to make the required payment of Principal and interest on the Bonds, the Borrower shall pay forthwith any such deficiency to the Trustee for deposit into the Bond Fund. Any monies in the Bond Fund at the time of a Loan Repayment in excess of the amount required for payment of Principal on the Bonds theretofore matured or called for prepayment and past-due interest, advances and

interest due thereon and expenses or fees due the Trustee shall be credited to the Borrower's Loan Repayment then due.

The Borrower may prepay all or any part of the Loan Repayments one business day prior to any Bond Payment Date after not less than thirty (30) nor more than sixty (60) days prior written notice to the Trustee and each Bondholder by registered or certified mail, postage prepaid. Such prepayments shall be credited to the unpaid Principal installments due on the Note in inverse order of their maturity and shall not in any way alter or suspend any obligations of the Borrower under this Loan Agreement or the Note, including the obligation to pay the other Principal installments required under the Note when due.

In any event, each payment shall be sufficient to pay the total amount of Principal and interest payable on the Bonds on each Bond Payment Date, and any other payment date, including all Principal and accrued interest due by acceleration, prepayment or otherwise.

All payments shall be applied first to any advances and interest due thereon, then to any expenses or fees due the Trustee, then to interest due on overdue payments, then to interest due and then to Principal due.

ARTICLE V

MORTGAGE AND SECURITY INTEREST

Section 5.1. Mortgage and Security Interest. To secure the

repayment of the loan hereunder and the Borrower's performance of its obligations hereunder, the Borrower hereby for itself, its successors, assigns and personal representatives, conveys, pledges, assigns, mortgages, and grants a security interest to the Issuer in all of the following:

(i) The Project, together with all additions and improvements thereto and with the tenements, hereditaments, servitudes, appurtenances, rights, privileges, and immunities thereunto belonging or appertaining, subject, however, to Permitted Encumbrances;

(ii) The Property and all improvements (other than those specifically included in the Project) located thereon, subject, however, to Permitted Encumbrances;

(iii) The rents, profits, income and revenues of the Project and the Property;

(iv) Any and all other property of every name and nature from time to time hereafter, by delivery or by writing of any kind, given, granted, pledged, assigned, conveyed, mortgaged, transferred, and/or confirmed, as and for additional security;

(v) All of the Borrower's rights and interests in any and all awards and payments, including without limitation insurance and condemnation proceeds, together with any interest accrued thereon, and the right to receive the same, which may be made with respect to the Project as a result of (a) the exercise of the right of eminent domain, (b) the alteration of the grade of any street, (c) any loss or damage to any property constituting a part of the Project, or (d) any other injury to or decrease in the value of the Project; and

(vi) All of the proceeds of the foregoing.

This mortgage of the Borrower's interest in the Project and the Property is given to secure the loan which will be due on or before March 1, 1992, and which is made for the purpose of acquiring, improving, and/or adding to a building. (See KRS 376.050).

Section 5.2. Assignment of Issuer's Rights to Trustee. As security for the payment of the Bonds, the Issuer hereby conveys and assigns to the Trustee, its successors and assigns, all of its right, title, and interest hereunder and in and to the Note (except payments to or for the benefit of the Issuer or the Issuer's agents under Article VI hereof and the Issuer's rights to receive notices and give approvals under this Loan Agreement), including without limitation the right to receive the Loan Repayments due hereunder and under the Note, the mortgage, the assignment of rents as provided in Article XIII hereof and security interest created hereunder, and the right to exercise all remedies hereunder, and such assignment shall entitle the Trustee to enforce any obligation of the Borrower under this Loan Agreement. The Issuer hereby directs the Borrower to make all Loan Repayments directly to the Trustee.

The Trustee, for the benefit of the Bondholder and/or the Issuer, shall have the authority to execute, deliver and record such mortgage, financing statements or other documents as are necessary to perfect or maintain the first lien status of any property pledged as security for the Bonds.

The Borrower hereby consents to such assignment and agrees

to make the Loan Repayments directly to the Trustee without defense or set-off by reason of any dispute between the Borrower and the Issuer or between the Borrower and the Trustee.

Section 5.3. Further Assurances. The Borrower shall cooperate to the extent necessary with the Issuer and the Trustee in their defense of the mortgage and security interest created hereunder against the claims and demands of any person and will do, execute, acknowledge, and deliver or cause to be done, executed, acknowleged and delivered such further acts, instruments, and transfers as the Trustee may reasonably require for the better granting of such mortgage and security interest, including without limitation the execution and delivery of all necessary financing statements and continuation statements.

Any and all property hereafter acquired by the Borrower which is of the kind or nature herein provided to be and become part of the property subject to the lien hereof shall ipso facto, and without any further conveyance, assignment, or act on the part of the Borrower, be subject to the lien of this Loan Agreement as though specifically described herein, but this provision shall not be deemed to modify or change the obligations of the Borrower under this Section.

Section 5.4. Discharge of Lien. Upon payment of the Note and all other sums due and payable hereunder and the performance by the Borrower of all of its obligations under this Loan Agreement, and the discharge of the lien of the Indenture as provided in Section 801 thereof, the mortgage and security interest created here-

under shall be released and discharged, and the Trustee and the Issuer shall execute and deliver to the Borrower, on demand of the Borrower and at its costs and expense, any written instruments necessary to evidence such discharge.

ARTICLE VI

OTHER OBLIGATIONS OF THE BORROWER

Section 6.1. Taxes and Other Costs. The Borrower shall promptly pay, as the same become due, all lawful taxes, assessments, and governmental charges or levies, if any, of any kind whatsoever, including without limitation, income, profits, receipts, business, ad valorem, property, and excise taxes, with respect to any estate, interest, documentation, or transfer in or of the Project and the Property, this Loan Agreement, any other property pledged as security hereunder, or any payments with respect to the foregoing, the costs of all building and other permits to be procured, all utility charges and all other costs incurred in the ownership, operation, maintenance, use, and occupancy of the Project and the Property. The Borrower shall furnish the Issuer, upon request, proof of payment of any such taxes, assessments, charges, levies, or costs. The Borrower may in good faith contest, and during such contest not pay, any such taxes, assessments, charges, levies and costs.

Section 6.2 Issuer Fees and Expenses. The Borrower shall pay, within ten days of request, (a) all Issuance Costs and other out-of-pocket costs and expenses of the Issuer incidental to the

performance of its obligations under this Loan Agreement or the Indenture, and (b) the out-of-pocket expenses of the Issuer related to this Loan Agreement or the Project, or incurred by the Issuer in enforcing the provisions of this Loan Agreement, the Note or the Indenture.

Section 6.3. Fees and Expenses of Trustee. The Borrower shall pay the initial and annual fees and expenses of the Trustee for ordinary and extraordinary services rendered in connection with the Bonds, the duties and services of such Trustee as trustee and paying agent being set forth in the Indenture, and it shall pay the Trustee, in addition, all out-of-pocket counsel fees and expenses, taxes, and other expenses, including expenses in connection with the transfer or exchange of bonds, reasonably and necessarily incurred by the Trustee in performing its duties as Trustee and in entering into the Indenture. All such payments shall be made as statements are rendered to the Borrower by the Trustee and shall be made by the Borrower directly to the Trustee except to the extent fees or expenses of the Trustee incurred in connection with the issuance of the Bonds are paid from proceeds of sale of the Bonds.

Section 6.4. Indemnification.

A. Except for any willful misconduct or gross negligence, in the case of the Issuer or the Trustee, the Borrower agrees to protect and defend the Trustee and the Issuer, the servants, officers and employees, now or forever, of the Trustee and the Issuer (each an "Indemnified Party") and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever

by any person or entity whatsoever, arising or purportedly arising from or in connection with this Loan Agreement, the Guaranty Agreement, the Indenture, the Bonds, the Note, the Project or the transactions contemplated thereby or taken thereunder.

B. The Issuer and the Trustee shall not be liable for any damage or injury to the persons or property of the Borrower or its officers, agents, servants or employees, or any other person who may be about the Project or the Property due to any act or negligence of any person other than the Issuer or the Trustee or their respective officers, agents, servants and employees.

C. The Borrower releases the Indemnified Parties from, agrees that such shall not be liable for, and agrees to hold the Indemnified Parties harmless against any expense or damages or liabilities incurred because of any lawsuit commenced as a result of action taken by the Trustee or the Issuer in good faith with respect to this Loan Agreement, the Guaranty Agreement, the Indenture, the Note, the Bonds, the Project and the Property and the Issuer or the Trustee shall promptly give written notice to the Borrower with respect to such lawsuit.

D. All covenants, stipulations, promises, agreements and obligations of the Issuer and the Trustee contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and the Trustee and not of any member, officer or employee of the Issuer or the Trustee in his individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Bonds or any claims based thereon or here-

under against any member, officer or employee of the Issuer or the Trustee or any natural person executing or authenticating the Bonds.

E. In case any action, claim or other proceeding shall be brought against one or more of the Indemnified Parties in respect of which indemnity may be sought against the Borrower based upon any of the above, such Indemnified Party shall promptly notify the Borrower and enclose a copy of all papers served. In the case any such action shall be brought against any Indemnified Party and it shall notify the Borrower of the commencement thereof, the Borrower shall be entitled to participate in and, to the extent that it shall wish, to assume the defense thereof with counsel satisfactory to such Indemnified Party. If the Borrower assumes the defense of such action the Indemnified Party shall have the right to employ its own counsel in any such action, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the employment of counsel by such Indemnified Party has been authorized by the Borrower, (ii) the Indemnified Party shall have reasonably concluded that there may be a conflict of interest between the Borrower and the Indemnified Party in the conduct of the defense of such action (in which case the Borrower shall not have the right to direct the defense of such action on behalf of the Indemnified Party) or (iii) the Borrower shall not in fact have employed counsel satisfactory to the Indemnified Party to assume the defense of such action. The Borrower shall not be liable for any settlement of any action, claim or other proceeding effected without its consent, which consent shall not be withheld unreasonably.

F. Any obligation of the Borrower to the Issuer or the Trustee under this Section shall be separate from and independent of the other obligations hereunder of the Borrower to the Bondholders and shall not be secured by this mortgage and may be enforced directly by the Issuer or the Trustee against the Borrower irrespective of any action taken by or on behalf of the Bondholders.

Section 6.5. Insurance. The Borrower shall continuously insure against such risks and in such amounts with respect to the Project and the Property and all other property pledged as security hereunder as are generally insured against by businesses of like size and character, including at least, but not limited to:

A. Hazard insurance to the extent of at least eighty percent (80%) of the insurable value of the Project and the Property and all of Borrower's tangible property located thereon (recognizing that certain portions thereof may not be exposed to certain risks), but not less than the amount necessary to avoid the application of any co-insurance clause, for loss or damage by fire, with standard extended coverage, vandalism, and malicious mischief endorsements.

B. Public liability insurance with reference to the Project and the Property, in minimum amounts of $500,000 single limit for bodily injury or death and $500,000 for property damage per occurrence.

C. Worker's compensation insurance or a program of self-insurance complying with the requirements of Kentucky law.

All required insurance policies shall be with qualified insurance companies under Kentucky law and may be written with

exceptions and exclusions comparable to those in similar policies carried by others engaged in businesses of similar size, character, and other respects to that in which the Borrower is engaged and located in the Commonwealth, except that public liability insurance policies shall not contain a deductible clause. The Borrower may alter the coverage afforded by the required insurance policies by giving thirty (30) days' written notice to the Trustee and receiving written consents thereto from the Trustee. Hazard and public liability insurance policies shall name the Issuer and the Trustee as additional insureds as their interests may appear. All insurance claims may be adjusted by the Borrower only, subject to the approval of the Trustee in the case of claims exceeding $10,000, and in the case of insurance proceeds for loss or damage to the Project exceeding $10,000, all such proceeds shall be payable to the Trustee for application under this Loan Agreement. The Borrower shall provide the Trustee with certificates of the respective insurers specifying that the required insurance is in force and effect and shall not expire or be cancelled or materially changed except upon thirty (30) days' prior written notice to the Borrower and the Trustee. The required insurance may be in the form of blanket insurance policies and may be provided by so-called umbrella coverage.

Section 6.6. Overdue Payments. Any amount of Principal, prepayment of Principal, or interest due on the Note and any other amount due under this Loan Agreement which is unpaid when due shall bear interest at the Prime Rate from the due date until paid in full, and the Borrower shall promptly pay such additional interest.

ARTICLE VII

MAINTENANCE AND REMODELING

Section 7.1. Maintenance. The Borrower shall, at its own expense, maintain the Project and the property in good condition, repair, and working order, and shall, at its own expense, make or cause to be made from time to time all necessary repairs, renewals, and replacements thereof, ordinary wear and tear and obsolescence excepted.

Section 7.2. Remodeling and Improvements. After completion of the Project, Borrower may remodel the Project and the Property or make modifications or improvements thereon or thereto from time to time as it, in its discretion, may deem to be desirable for its uses and purposes, provided that such remodeling, modifications, or improvements are of at least equal value to the improvements being altered and do not materially alter the scope, character, or operation of the Project and the Property or impair the exemption from Federal income tax of interest on the bonds and are permitted under the Act. Such remodeling, modifications, or improvements which are made at the expense of Borrower and which are not essential to the operation of the Project or the Property may be reserved by the Borrower at any time and upon being so removed shall cease to be a part of the Project and the Property subject to the lien of this Loan Agreement, provided that such removal shall not materially alter the value of the Project or the Property or of the security granted hereunder, and in the event such removal causes damages to

the Project or the Property, the Borrower shall restore or repair such damage at its sole expense.

Section 7.3 Removal or Replacement. Borrower shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary portion of the Equipment Portion of the Project. In any instance where Borrower in its sound discretion determines that any portion of the Equipment Portion of the Project has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Borrower may remove such portion of the Project and sell, trade in, exchange or otherwise dispose of it (as a whole or in part) free and clear of the lien hereof and of the Indenture, provided that the Borrower:

A. substitutes and installs anywhere on the Property other machinery or equipment having a value equal to or greater than (but not necessarily having the same function as) the machines and equipment removed from the Project, all of which substituted machinery or equipment shall be free of all liens and encumbrances (other than Permitted Encumbrances) but shall become a part of the Project and subject to the lien hereof and of the Indenture; or

B. (i) in the case of the sale of any portion of the Equipment Portion of the Project or in the case of the scrapping thereof, the Borrower shall pay into the Bond Fund the proceeds from such sale or the scrap value thereof, as the case may be, (ii) in the case of the trade-in of such equipment for other equipment not to be installed on the Property, the Borrower shall pay into the Bond Fund the amount of the credit received by it in such trade-in,

and (iii) in the case of the sale of any portion of the Equipment Portion of the Project to any "related person" within the meaning of Section 103(b)(6)(c) of the Code, the Borrower shall pay into the Bond Fund an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting principles.

In the event the Borrower, prior to such removal of portions of the the Equipment Portion of the Project, has acquired and installed machinery or equipment with its own funds which has become part of the Project and subject to the lien hereof and of the Indenture, the Borrower may take credit to the extent of the amount so spent by it against the requirement that it either substitute and install other machinery and equipment having equal or greater value or that it make payment into the Bond Fund.

The Borrower will promptly report to the Trustee each such removal, substitution, sale and other disposition of any portion of the Project having a depreciated value (calculated in accordance with generally accepted accounting principles) of more than $5,000 and will pay to the Trustee such amounts as may be required by the provisions of the preceding paragraph B of this Section to be paid into the Bond Fund promptly after the sale, trade-in, or other disposition requiring such payment; and the Borrower with the cooperation of the Trustee and the Issuer, will cause such legal steps to be taken as may be necessary to perfect the lien (security interest) hereof and of the Indenture in any substitute machinery or equipment

becoming a part of the Project in accordance with the foregoing provisions.

The Borrower will pay any costs (including attorneys' fees) incurred in perfecting the lien hereof and of the Indenture in any items of machinery or equipment that under the provisions of this Section are to become a part of the Project.

The Borrower will not remove, or permit the removal of, any portion of the Project from the Property except in accordance with the provisions of this Section.

ARTICLE VIII

DAMAGE TO PROJECT AND CONDEMNATION

In the event (i) the Project or the Property is damaged or destroyed, or (ii) title to or temporary use of the Project or the Property is taken in condemnation or by the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority, the Borrower shall promptly give written notice thereof to the Issuer and the Trustee and shall advise such parties as to whether it wishes to restore or replace the Project or the Property. Within thirty days after such notification that the Borrower wishes to restore or replace the Project or the Property, the Trustee shall notify the Borrower in writing whether it consents to Borrower's restoring or replacing the Project or the Property, except that such consent shall not be necessary if the damage to or taking of the Project or the Property does not exceed $25,000 and the Project or the Property can be restored or replaced promptly to its former value and use, in which

case Borrower shall restore or replace the damaged or taken portion of the Project or the Property promptly and shall apply all insurance or condemnation proceeds thereto. If the Trustee's consent is necessary to Borrower's restoration or replacement of the Project or the Property and is given, Trustee shall have the right to approve plans and specifications governing such restoration or replacement as well as the manner in which disbursement of funds shall take place. Upon Trustee's giving all such necessary consents, Borrower shall proceed to restore or replace with reasonable dispatch and all insurance or condemnation proceeds received with respect to the Project or the Property shall be deposited in the Construction Fund (which shall be reactivated if necessary) and shall be disbursed in accordance with the terms hereof to pay the cost of such restoration or replacement. If Trustee's consent is necessary and is not given, all insurance and condemnation proceeds shall be applied to prepayment of the principal installments on the Note in inverse order of their maturity. In such case Borrower shall pay all accrued interest due on the prepaid portion of the Note. All proceeds and payments shall be deposited in the Bond Fund and applied to prepayment of the Bonds as provided in Section 203(b) of the Indenture.

The Issuer shall cooperate fully with the Borrower in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Project or the Property; provided, however, that the Issuer shall not be precluded from exercising its powers of eminent domain with respect to the Project or the Property, and in such event the Borrower shall be allowed to contest such proceedings.

ARTICLE IX

TITLE TO AND ACTIONS AFFECTING THE PROJECT

Section 9.1. Warranty of Title. The Borrower warrants that it has or will acquire good and marketable fee simple title to the Project and the Property and all other personal property pledged as security hereunder, free of any encumbrances other than Permitted Encumbrances.

Section 9.2. Creation of Liens. The Borrower shall not create or permit the creation of any lien, encumbrance, or charge upon the Project or the Property or upon any personal property pledged as security hereunder, except Permitted Encumbrances. The Borrower shall take all steps necessary to discharge and remove promptly any lien, encumbrance, or charge other than Permitted Encumbrances. The Borrower may in good faith contest any lien, encumbrance, or charge and in such event may permit any such lien, encumbrance or charge to remain unsatisfied and undischarged during the period of such contest and any appeal therefrom, provided that during the period of any such contest or appeal the enforcement of such lien is effectively stayed.

Section 9.3. Leases. The Borrower may not enter into any lease for the Project or the Property or portions thereof without the consent of the Issuer and the Trustee; provided, however, that the Borrower shall nevertheless remain primarily liable to the Issuer for the payment of the Loan Repayments and all other sums payable by it under this Loan Agreement and for the full performance and observance of all the obligations and conditions of this Loan

Agreement; and, provided, further, that any such lease shall provide that the leased property shall be used and occupied only as provided in Article I(E) and Section 10.8 hereunder. The Borrower shall provide an executed copy of any such lease to the Issuer and the Trustee within 30 days after delivery thereof, and the Borrower shall make collateral assignments of any and all leases of the Project or the Property or portions thereof and all rental income generated by any such lease to the Trustee as additional security for the Bonds.

Section 9.4. Title Opinion. The Borrower shall deliver to the Trustee a Title Opinion of Counsel effective upon the Execution Date. Any amount for which the attorney rendering such opinion may become liable as a result of having rendered such opinion shall be deposited in the Construction Fund or the Bond Fund as the Trustee shall direct. Proceeds deposited in the Construction Fund shall be used to the extent required to pay the Project Costs of restoring the Project. Such proceeds not required to restore the Project shall be transferred to the Bond Fund. Proceeds deposited in or transferred to the Bond Fund shall be used to effect the prepayment of the principal installments on the Note in inverse order of their maturity. In such case Borrower shall pay all accrued interest due on the prepaid portion of the Note. All proceeds and payments shall be applied to prepayment of the Bonds as provided in Section 203(b) of the Indenture.

Section 9.5. Machinery and Equipment. The Borrower may from time to time in its sole discretion and at its own expense

install additional machinery, furnishings, and equipment in the Project or on the Property or allow a lessee pursuant to a lease entered into in accordance with the terms hereof to install such items. All machinery, furnishings and equipment so installed which are not fixtures and do not become part of the real estate, shall remain the sole property of the Borrower or such lessee (or any third party from whom it may be leased or who shall have provided such machinery, furnishings, and equipment under agreement with the Borrower reserving title to such third party) and neither the Issuer nor the Trustee shall have any interest in such machinery, furnishings, and equipment. Such machinery, furnishings, and equipment may be removed or modified at any time. In the event such removal or modification causes damage to the Project or the Property, the Borrower shall restore or repair such damage at its sole expense. If Borrower ever installs in the Project or on the Property machinery, furnishings, and equipment which cannot be readily distinguished from machinery, furnishings, or equipment then comprising part of the Project by reference to Exhibit B hereto or any financing statements filed to perfect the security interest of the Issuer and the Trustee in such machinery, furnishings or equipment, then in such event such items of machinery, furnishings, and equipment shall be and remain identified as such by tags or other symbols affixed thereto or otherwise clearly associated therewith, and any such items of machinery, furnishings, and equipment not so identified shall be presumed to be part of the Project, but such presumption shall not be conclusive.

ARTICLE X

FURTHER OBLIGATIONS OF THE BORROWER

Section 10.1. Compliance with Laws. The Borrower shall promptly comply or cause compliance with all laws, regulations and ordinances applicable in any way to the Project or its operation. The Borrower shall have the right to contest laws as applied to the Project. The Issuer shall not unreasonably refuse to cooperate to the extent necessary with the Borrower in any such contest, except where the Issuer is an adverse party to the Borrower. The foregoing shall not constitute a waiver by the Issuer of any civil or criminal remedies otherwise available to the Issuer against the Borrower.

The Project has been designed and will be constructed in such manner as to conform with all applicable zoning, planning, building, land use, environmental, and other regulations of governmental authorities having jurisdiction of the Project, all necessary utilities are available or will be provided for the Project, and the Borrower has obtained or will obtain all requisite zoning, planning, building, land use, environmental, and other permits necessary for the acquisition, construction, and installation of the Project.

Section 10.2. Borrower to Maintain Its Corporate Existence. Borrower agrees that it will maintain its corporate existence and will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another

corporation or permit one or more other corporations to consolidate with or merge into it, except Borrower may, without violating the foregoing, consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another corporation (and thereafter dissolve or not dissolve as it may elect) if the corporation surviving such merger or resulting from such consolidation, or the corporation to which all or substantially all of the assets of Borrower are transferred, as the case may be: (i) shall be a domestic corporation organized under the laws of the United States of America, the District of Columbia or one of the states of the United States, (ii) shall assume in writing all of the obligations of Borrower hereunder, and (iii) shall have net tangible assets at least equal to the net tangible assets of Borrower immediately prior to such consolidation, merger or transfer. As used in this Section, the term "net tangible assets" means all assets of the corporation (except there shall not be included goodwill) less all liabilities. The Borrower further covenants that it will remain subject to service of process in the Commonwealth.

Section 10.3. Covenant Against Discrimination. Borrower agrees and warrants that in the performance of this Loan Agreement, it will not permit discrimination against any person on the basis of race, religion, sex, age or national origin in any manner prohibited by the laws of the United States, the Commonwealth or Issuer.

Section 10.4. Further Assurances. On each anniversary of

the Execution Date the Borrower shall deliver to the Trustee a certificate signed by the Authorized Borrower's Representative stating that there is no default under this Loan Agreement, the Note or the Indenture, that all insurance required by this Loan Agreement is in full force and effect, all taxes, assessments and charges, if any, relating to the Project and the Property have been paid and that all notices required to be given to the Issuer and the Trustee under this Loan Agreement have been given and, further that this Loan Agreement, the Indenture, and all financing statements and continuation statements required by applicable law adequately describe the Project as such Project may have been modified and have been recorded or filed in such manner and in such places required by law in order to fully preserve and protect, during the annual period succeeding the date of such certificate, the rights of the Issuer and the Trustee in the Project, this Loan Agreement, and the Loan Repayments. The Borrower, with such assistance and cooperation from the Issuer and the Trustee as the Borrower may reasonably request, shall cause all action necessary to the delivery of such certificate to be taken, including filing such financing statements and continuation statements and preparing and executing such supplements to this Loan Agreement, the Indenture, and other instruments as may be necessary to permit the delivery of the required certificate.

Section 10.5. Reports and Access to Project and Records. The Borrower shall, within ninety (90) days after the close of its fiscal year, cause to be prepared and filed with the Trustee and the Bondholder Periodic Reports. The Borrower shall also furnish the

Trustee with such other financial information concerning the Borrower as the Trustee may reasonably request.

Subject to reasonable security and safety regulations and reasonable requirements as to notice, the Issuer and the Trustee and the respective duly authorized agents of either shall have the right at all reasonable times to enter and inspect the Project.

Section 10.6. Non-Impairment of Validity of the Bonds and Integrity and Security of the Project and Property. Notwithstanding any other provisions of this Loan Agreement or any rights of the Borrower under this Loan Agreement, the Borrower shall not take or permit to be taken by its agents or assigns any action which, or fail to take any reasonable action the ommision of which would, in the opinion of Counsel:

(i) affect the validity of the Bonds under the Act; or

(ii) subject the Project or the mortgage and security interest of the Issuer or the Trustee in the Project and the Property to imminent loss or forfeiture.

The Issuer and the Trustee, prior to taking any action requested by the Borrower under this Loan Agreement, may require such opinion of Counsel in writing.

Section 10.7. Sale of Project or Property. Except as provided in Section 10.2 hereof, the Borrower will not sell all or substantially all its assets, or any part of the Project or Property, during the term hereof.

Section 10.8. Public Purpose. The Borrower shall at all times maintain the use of the Project as an "industrial building" as

defined in KRS 103.200(1) for the manufacturing, processing or assembling of any commercial product together with storage, warehousing and distribution facilities in respect thereof, and any use of any portion of the Property for office facilities or for retail sales will be incidental to the Project's manufacturing use, and maintain and use the Project to fulfill the purposes for which the Bonds are issued and the purposes of the Act.

Section 10.9. Tax-Exemption on Bonds. The Borrower shall at all times do and perform all acts, or refrain from any act, so as to assure that interest paid on the Bonds is excludable from the gross income of each Bondholder for federal income tax purposes and is exempt from such tax, unless the Bondholder is a "substantial user" or "related person" within the meanings respectively of Sections 103(b)(8) and 103(b)(6)(C) of the Code.

In the event of a Determination of Taxability, the Borrower shall make additional payments of interest on the Note equal to the amount of additional interest due on the Bonds, and all other payments and liabilities as provided in Section 203(C) of the Indenture.

ARTICLE XI

OBLIGATIONS OF BORROWER UNCONDITIONAL; FORCE MAJEURE

Section 11.1 Obligations Unconditional. The obligation of the Borrower to make the Loan Repayments and all other payments as provided herein and in the Note and to maintain and use the Project

and the Property as provided herein shall be absolute and unconditional and shall not be subject to any diminution by right of set-off, counterclaim, recoupment, or otherwise. During the Loan Term, the Borrower (i) shall not suspend or discontinue any Loan Repayments or any other payments provided herein and in the Note or the maintenance and use of the Project and Property as provided herein, (ii) shall perform as limited by Section 11.2 hereof and observe all of its other obligations contained in this Loan Agreement, and (iii) except as provided in Section 12.1, shall not terminate this Loan Agreement for any cause including, without limiting the generality of the foregoing, defect in title to the Project or the Property, failure to complete the Project, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction or damage to or condemnation of the Project or the Property, commercial frustration of purpose, Force Majeure, any change in the tax or other laws of the United States of America, the Commonwealth, or any political subdivision of the Commonwealth, or any failure of the Issuer to perform and observe any obligation or condition arising out of or connected with this Loan Agreement. This Section shall not be construed to release the Issuer from the performance of any of its obligation under this Loan Agreement; and in the event the Issuer shall fail to perform any such obligation, the Borrower may institute such action against the Issuer as the Borrower may deem necessary to compel performance; provided, however, that no such action shall violate this Section or abate or diminish the Loan Repayments or other payments required under this

Loan Agreement. The Borrower may at its own cost and expense and in its own name or in the name of the Issuer prosecute or defend any action or proceedings or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect its rights under this Loan Agreement, and in such event the Issuer shall cooperate fully with the Borrower.

Section 11.2 Force Majeure. In case by reason of Force Majeure either party hereto shall be rendered unable wholly or in part to carry out its obligations under this Loan Agreement, then, except as otherwise provided in this Loan Agreement and in particular Section 11.1 hereof, if such party shall give notice and full particulars of such Force Majeure in writing to the other party within a reasonable time after the occurence of the event or cause relied on, then the obligations of the party giving such notice, insofar as such obligations are affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch; provided, however, that notwithstanding the foregoing, the obligation of the Borrower to make all Loan Repayments shall not be suspended and shall remain in full force and effect. It is understood and agreed that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the party having the difficulty and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch, shall not require

the settlement of strikes, lockouts, and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is unfavorable in the judgment of the party having the difficulty.

ARTICLE XII

EVENTS OF DEFAULT AND REMEDIES

Section 12.1. Events of Default. The occurrence of any of the following events shall constitute an "Event of Default":

(a) Failure by the Borrower to pay the Note in the amounts and at the times provided therein, or to make any other payment when due under this Loan Agreement.

(b) Any material breach by the Borrower of any representation, warranty, or covenant made in any document delivered to the Issuer, the Trustee, or the Bondholders in any way related to the issuance of the Bonds or the Project.

(c) Failure by the Borrower to perform any obligation or observe any covenant or condition on its part to be performed or observed pursuant to any such document including the Loan Agreement, the Representation and Indemnity Agreement and the Guarantors' Guaranty Agreement, for a period of 30 days after written notice specifying such failure and requesting that it be remedied, given to the Borrower by the Issuer or the Trustee or any holder of at least 25% of the aggregate principal amount of outstanding Bonds; provided, however, that if said failure shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if the failure, in the opinion of the Trustee, is correctible

without material adverse effect on the Bonds or the security therefor and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected.

(d) The dissolution or liquidation of the Borrower except as permitted by Section 10.2 hereof; or failure by the Borrower promptly to lift any execution, garnishment, or attachment of such consequence as will impair its ability to carry out its obligations under this Loan Agreement; or if the Borrower becomes insolvent or bankrupt, or makes an assignment for the benefit of creditors or consents to the appointment of a trustee or receiver for the Borrower or for the greater part of its properties; or a trustee or receiver is appointed for the Borrower or for the greater part of its properties without its consent and is not discharged within 45 days; or bankruptcy is commenced by or against the Borrower, and if commenced against the Borrower is consented to by it or remains undismissed for 45 days.

(e) An Event of Default under the Indenture.

(f) Any Event of Default should occur with respect to the Guarantors' Guaranty Agreement.

Section 12.2. Remedies upon Event of Default. Whenever any Event of Default shall have occurred and be continuing, the Trustee on behalf of the Issuer, the Issuer itself, or the Bondholders (as may be authorized under the Indenture) shall exercise their respective rights and remedies under the Indenture. If an Event of Default occurs and is continuing, the Issuer, the Trustee, or the Bondholders, as may be authorized under the Indenture, may take any

one or more of the following remedial steps: (i) if the principal and interest accrued on the Bonds have been declared immediately due and payable pursuant to the Indenture, declare the Note to be immediately due and payable, whereupon the same will become immediately due and payable; or (ii) with the prior written consent of the Trustee in the case of the Issuer, enter and take possession of the Project and the Property and lease the Project and/or the Property for the account of the Borrower, holding the Borrower liable for the difference between the rent and other amounts payable by any lessee in such leasing and the Loan Repayments and other amounts payable by the Borrower under this Loan Agreement; provided, however, that until the Issuer has entered into a firm agreement for the leasing of the Project or the Property the Borrower may at any time pay all accrued payments under the Note (except accelerated payments) and fully cure all defaults whereupon the Borrower shall be restored to its use, occupancy, and possession of the Project and the Property; or (iii) have access to and inspect, examine, and make copies of the books and records and any and all accounts, data, and income tax and other tax returns of the Borrower, only, however, insofar as they relate to the Project, this Loan Agreement, or the Event of Default and the remedying thereof; or (iv) take whatever action at law or in equity as may appear necessary or desirable to collect the Loan Repayments then due and thereafter to become due or to enforce performance and observance of any obligation, agreement, or covenant of the Borrower under this Loan Agreement; or (v) with the prior written consent of the Trustee in the case of the Issuer, as deemed

necessary from time to time, may (but will not be required to) repair the Project or the Property in order to better sell or lease the Project or the Property, and such costs and expenses will become a debt due by the Borrower to the Issuer or the Trustee, and the Issuer and the Trustee will be entitled to reimbursement from the first revenues of such sale or lease; or (vi) foreclose the mortgage and security interest created hereunder.

Any amounts collected pursuant to the actions described above shall be paid into the Bond Fund and applied in accordance with the Indenture, except for amounts collected for the benefit of the Issuer, which will be paid to or retained by the Issuer.

Section 12.3. Payment of Attorney's Fees and Other Expenses. Upon an Event of Default by the Borrower, the Borrower shall pay to the Issuer and/or the Trustee, as the case may be, upon demand therefor, all costs and expenses, including reasonable counsel fees, lawfully incurred in enforcing the mortgage and security interest in the Project and Property granted under this Loan Agreement or in obtaining possession of the Project and the Property, or in enforcing the performance or observance of any obligation or condition by the Borrower under this Loan Agreement.

Section 12.4. Performance by Issuer or Trustee of Defaults by Borrower. If Borrower shall default in the payment, performance or observance of any term, covenant or condition of this Loan Agreement, either Issuer or Trustee may, at its option, pay, perform or observe the same, and all payments made or costs or expenses incurred by Issuer or Trustee therewith, shall be secured hereby and

shall be, without demand, immediately repaid by Borrower to Issuer or Trustee with interest thereon at the Prime Rate in effect from time to time. Issuer or Trustee shall be the sole judge of the necessity for any such actions and of the amounts to be paid. Issuer and Trustee are each hereby empowered to enter and to authorize others to enter upon the Project and the Property or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable to Borrower or any person in possession holding under Borrower.

Section 12.5. Waivers and Limitation on Waivers. In the event any default by the Borrower under this Loan Agreement should be waived by the Trustee or the Issuer, such waiver shall be limited to the particular default so waived and shall not be deemed to waive any other default hereunder nor be deemed a waiver of the same default on another occasion. By reason of the assignment of the Issuer's rights and interest in this Loan Agreement to the Trustee, the Trustee shall have the power to waive any Event of Default, default or the performance or observance of any obligation or condition of the Borrower under this Loan Agreement, provided the Trustee receives an opinion of Bond Counsel that such action is permitted under Section 906 or Section 1101 of the Indenture.

No delay or omission to exercise any right occurring upon any default or Event of Default shall impair any such right or shall be construed to be a waiver thereof, but any such right may be exercised from time to time as often as may be deemed expedient. In order to exercise any remedy reserved to the Issuer or the Trustee

in this Loan Agreement, it shall not be necessary to give any notice other than such notice as may be herein expressly required.

Section 12.6. No Duty to Mitigate Damages. The Issuer and the Trustee shall not be obligated to do any act or exercise any diligence whatsoever to mitigate the damages of the Borrower, if an Event of Default shall occur hereunder.

ARTICLE XIII

ASSIGNMENTS OF RENTS AND LEASES

Section 13.1. Leases. (a) Borrower will not lease any portion of the Project or the Property except to tenants for occupancy and in accordance with the provisions of Section 9.3 hereof. Borrower shall not, without Issuer's and Trustee's written consent, execute, modify, surrender, or terminate, either orally or in writing, any lease now existing or hereafter made of all or part of the Project or the Property, permit an assignment or sublease of such a lease without Issuer's written consent, or request or consent to the subordination of any lease of all or any part of the Project or the Property to any lien subordinate to this Mortgage.

(b) Borrower will not assign, in whole or in part, the rents, income, or profits arising from the Project or the Property without the prior written consent of Issuer and Trustee. As part of the consideration for the indebtedness evidenced by the Note, Borrower hereby absolutely and unconditionally assigns and transfers to Issuer the rents and revenues of the Project and the Property, including those now due, past due, or to become due by virtue of any

lease or other agreement for the occupancy or use of all or any part of the Project or the Property. Borrower hereby authorizes Issuer or Issuer's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Project and the Property to pay such rents to Issuer or Issuer's agents; provided, however, that prior to written notice from Issuer or Trustee to Borrower of the breach by Borrower of any covenant or agreement of Borrower in this Loan Agreement, Borrower shall collect and receive all rents and revenues of the Project and the Property as trustee for the benefit of Issuer and Borrower, to apply the rents and revenues so collected to the sums secured by this Loan Agreement in the order provided herein. Borrower agrees that each tenant of the Project and the Property shall pay such rents to Issuer or Issuer's agents on Issuer's written demand therefor without any liability on the part of said tenant to inquire further as to the existence of a default by Borrower.

Borrower hereby covenants that Borrower has not executed any prior assignment of said rents, that Borrower has not performed, and will not perform, any acts or has not executed, and will not execute, any instruments which would prevent Issuer or Trustee from exercising its rights under this Section, and that at the time of execution of this Loan Agreement there has been no anticipation or prepayment of any of the rents of the Project or the Property for more than two months prior to the due dates of such rents. Borrower further covenants that Borrower will not hereafter collect or accept payment of any rents of the Project or the Property more than two

months prior to the due dates of such rents.

Upon Borrower's breach of any covenant or agreement of Borrower in this Loan Agreement, and at any time prior to the expiration of any period of redemption following sale of the Project or the Property, Issuer shall be entitled to the appointment of a receiver to enter upon and take and maintain full control of the Project and the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation or modification of leases, the making of repairs to the Project and the Property and the execution or termination of contracts providing for the management or maintenance of the Project and the Property, all on such terms as are deemed best to protect the security of this Loan Agreement. The receiver shall be entitled to receive a reasonable fee for so managing the Project and the Property. All rents collected pursuant to this paragraph shall be applied as stipulated in this Loan Agreement and in the Indenture. Issuer and its agents or the receiver shall have access to the books and records used in the operation and maintenance of the Project and the Property and shall be liable to account only for those rents actually received. Issuer and Trustee shall not be liable to Borrower, anyone claiming under or through Borrower or anyone having an interest in the Project and the Property by reason of anything done or left undone by Issuer and Trustee under this Section 13.1.

If the rents of the Project and the Property are not sufficient to meet the costs of taking control of and managing the Project and

the Property and collecting the rents, any funds expended by Issuer or Trustee for such purposes shall become indebtedness of Borrower to Issuer secured by this Loan Agreement. Unless Issuer and Borrower agree in writing to other terms of payment, such amounts shall be payable upon notice from Issuer or Trustee to Borrower requesting payment thereof and shall bear interest from the date of disbursement at the Prime Rate in effect from time to time unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Borrower under applicable law.

The entering upon and taking and maintaining of control of the Project and the Property by the Issuer or Trustee or the receiver and the application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Issuer or Trustee hereunder. Upon release of the mortgage, this assignment of rents of the Project and the Property shall terminate.

(d) Borrower, upon request, from time to time, will furnish Issuer with a statement in such reasonable detail as Issuer may request, certified by Borrower, of any leases of any portion of the Project or the Property and executed counterparts of any and all such leases.

(e) Issuer and Trustee shall not, by reason of this Loan Agreement, be obligated to perform or discharge any obligation under leases of the Project or the Property, and Borrower agrees to indemnify Issuer and Trustee against and hold each of them harmless from any and all liability, loss or damage which it may or might incur

under such leases and of and from any and all claims and demands whatsoever which may be asserted against Issuer or Trustee by reason of any alleged obligation or undertaking on its part to be performed or discharged pursuant to any of the terms of such leases. Should Issuer or Trustee incur any such liability, loss or damage under leases of the Project or the Property or under or by reason of the foregoing provisions of this Loan Agreement, or in defense against any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees shall be secured by this Loan Agreement, and Borrower shall reimburse Issuer or Trustee therefor immediately upon demand.

ARTICLE XIV

MISCELLANEOUS

Section 13.1. Amounts Remaining in Bond Fund. Any amounts remaining in the Bond Fund, upon the termination of this Loan Agreement as herein provided, after payment in full of the Bonds (or provision therefor) in accordance with the Indenture, and all amounts owing to the Issuer and the Trustee under this Loan Agreement and the Indenture, shall belong to and be paid to the Borrower as an overpayment of the Loan Repayments.

Section 14.2. Security Agreement. This Loan Agreement constitutes a security agreement under the Kentucky Uniform Commercial Code. The debtor, the secured party, and the assignee of the secured party hereunder are respectively the Borrower, the Issuer and the Trustee. Information concerning the security interest

created hereunder should be addressed to the Trustee's address.

Section 14.3. Notices. All notices, certificates, or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the Issuer, the Borrower, or the Trustee, as the case may be, at the Issuer's Address, the Borrower's Address, or the Trustee's address, respectively, or hand delivered to the above at their respective addresses. A duplicate copy of each such notice, certificate, or other communication given hereunder to the Issuer, the Borrower, or the Trustee shall also be given to each of the others. The Issuer, Borrower or Trustee, by notice as provided herein, may designate any other address for receipt of such notice.

Section 14.4. Amendment. This Loan Agreement may not be amended or terminated without the prior written consent of the Trustee given to both the Issuer and the Borrower and as provided in Article XI of the Indenture. No amendment to this Loan Agreement shall be binding upon either party hereto until such amendment is reduced to writing and executed by both parties hereto.

Section 14.5. Entire Agreement. This Loan Agreement contains all agreements between the parties and there are no other representations, warranties, promises, agreements, or understandings, oral, written or inferred, between the parties, unless reference is made thereto in this Loan Agreement, the Indenture, the Bonds, the Representation and Indemnity Agreement, and the other documents delivered at the closing.

Section 14.6. Binding Effect. This Loan Agreement shall be binding upon the parties hereto and upon their respective heirs, personal representatives, successors and assigns.

Section 14.7. Severability. If any clause, provision, or section of this Loan Agreement be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision, or sections shall not affect any of the remaining clauses, provisions or sections.

Section 14.8. Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14.9. Captions. The captions or headings in this Loan Agreement are for convenience of reference only and in no way define, limit, or describe the scope or intent of any provisions of this Loan Agreement.

Section 14.10. Governing Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the Commonwealth.

Section 14.11. Borrower Bound by Indenture. The Indenture has been submitted to the Borrower for examination, and the Borrower, by execution of this Loan Agreement, acknowledges and agrees that it has participated in the drafting of the Indenture, that it has approved the Indenture, and that it is bound by and shall have the rights set forth by the terms and conditions thereof and covenants and agrees to perform all acts, pay all monies, and

give all notices required to be performed, paid, and given by it pursuant to the terms of the Indenture.

Section 14.12. Consents under Loan Agreement. All consents permitted or required to be given under this Loan Agreement shall be reasonable and, unless otherwise expressly provided, shall not be unreasonably withheld.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be duly executed as of the day and year first above written.

ATTEST: COUNTY OF PULASKI

_____ _____

Clerk of the Fiscal Court County Judge/Executive

ATTEST: BHB TIRES, INC.

_____ By_____

Title_____ Charles Binder, President

COMMONWEALTH OF KENTUCKY)
)SS:
COUNTY OF JEFFERSON)

The foregoing was acknowledged before me this ____ day of March, 1982, by John Garner and William Hansford County Judge/

Executive and Fiscal Court Clerk, respectively, of the County of Pulaski, on behalf of said County.

My Commission expires: _____

_____
Notary Public

COMMONWEALTH OF KENTUCKY)
)SS:
COUNTY OF JEFFERSON)

The foregoing was acknowledged before me this ____ day of March, 1982, by Charles Binder, President of BHB Tires, Inc., a Kentucky corporation, on behalf of said corporation.

My Commission Expires: _____.

_____
Notary Public

THIS INSTRUMENT PREPARED BY:

_____
D. RANDALL GIBSON
MIDDLETON & REUTLINGER
501 South Second Street
Louisville, Kentucky 40202
Telephone (502) 584-1135

G021582EEE

EXHIBIT A

COMPLETION CERTIFICATION

Re: $210,000 County of Pulaski, Kentucky
Economic Development Revenue Bonds
(BHB Tires, Inc. - 1982 Series)

I, CHARLES BINDER, President of BHB Tires, Inc. HEREBY CERTIFY as follows:

1. The Project financed by the captioned Bonds has been completed in accordance with the plans and specifications therefor and all labor, services, materials and supplies used in such work have been paid for, except the following amounts which are not yet due to the following persons or are being contested by Borrower, which amounts are to be held in the Construction Fund until requisitioned for payment.

Amounts Retained	Person to Whom

2. All other facilities necessary to occupy and use the Project have been completed and paid for.

3. The Borrower has previously delivered to the Trustee an actual statement of Project Costs and a CPA opinion as required by the Indenture.

4. This certificate is given without prejudice to any rights of the Borrower against third parties and is given only for the benefit of the Trustee, the Issuer and the Bondholders. Capitalized terms herein have the same meanings as defined in the Trust

G031982EEE

Indenture pursuant to which the captioned Bonds were issued.

Dated at London, Kentucky this ____ day of _____, 1982.

BHB Tire, INC.

By _____
Charles Binder, President

G021582EEE

EXHIBIT B

EQUIPMENT LIST

G021582EEE

EXHIBIT C

REAL ESTATE DESCRIPTION

G031982EEE

EXHIBIT D

REQUISITION CERTIFICATE

First National Bank of Louisville
First National Tower
P.O. Box 36000
Louisville, Kentucky 40233

BHB Tires, Inc.
106 Yaden Road
London, Kentucky 40741

$210,000 County of Pulaski, Kentucky
Economic Development Revenue Bonds
(BHB Tires, Inc. Project - 1982 Series)

This represents Requisition Certificate No. _____ in the total amount of $_____ to pay those Project Costs detailed in the schedule attached. Terms used herein have the same meanings as in the Loan Agreement securing the Bonds.

The undersigned does hereby certify that:

1. The expenditures for which moneys are requisitioned hereby constitute Projects Costs and represent proper charges against the Construction Fund of the subject bond issue, have been made or are being made concurrently with delivery of this certificate, have not been included in a previous requisition, and have been properly recorded in the books of the undersigned.

2. The moneys requisitioned hereby are not greater than those necessary to meet obligations due and payable or to reimburse the undersigned for its funds actually advanced for Project Costs.

3. After payment of the moneys hereby requsitioned, there will remain in the Construction Fund sufficient funds to complete the Project substantially in accordance with the Plans.

4. The undersigned is not in default under the Loan Agreement and nothing has occurred to the knowledge of the undersigned that would prevent the performance of its obligations under the Loan Agreement.

5. $_____ of the amount requsitioned hereby is to reimburse the undersigned for funds actually and previously advanced by the undersigned to pay Project Costs.

6. The remaining portion ($_____) of the amount requesitioned hereby is for payments for obligations due

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and payable to the following persons, in the following amounts, to pay Project Costs, and payment should be made directly by the Trustee to such persons at the addresses indicated below:

Name	Address	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____

7. None of the amounts requisitioned hereby (a) is for costs or expenses of the under-signed incurred by reason of work performed or supervised by officers or employees of the Borrower or if any amount is for such costs or expenses, such amount does not exceed the actual cost thereof to the undersigned, or (b) will exceed the actual cost thereof to the Borrower, or (c) was incurred prior to December 9, 1981. Such costs and expenses and all previous requisitioned amounts were paid or incurred for the acquisition, construction or reconstruction of land or property of a character subject to the allowance for depreciation provided in Section 167 of the Code, and have been or will be capitalized by the undersigned for federal income tax purposes.

8. Attached are copies of vouchers, bills or an itemization of all Project Costs being requisitioned in sufficient detail to evidence the incurring of each of such Project Costs for which requisition is being made.

9. Attached are sworn statements and lien waivers by contractors, subcontractors and materialmen with respect to work on the Project.

Executed this _____ day of _____, 19____.

BHB Tires, Inc.

By_____
Charles Binder, President

G031982III

TRUST INDENTURE

Dated March 29, 1982

between

COUNTY OF PULASKI, KENTUCKY

and

FIRST NATIONAL BANK OF LOUISVILLE

as Trustee

$210,000 Economic Development
Revenue Bonds (BHB Tires, Inc.
Project - 1982 Series)

MIDDLETON & REUTLINGER
501 South Second Street
Louisville, Kentucky 40202

Bond Counsel

EXHIBIT B

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G031982III

TRUST INDENTURE

THIS TRUST INDENTURE, made and entered into as of the 29th day of March, 1982, by and between the County of Pulaski, Kentucky, a political subdivision of the Commonwealth of Kentucky (the "Issuer"), and First National Bank of Louisville, a national banking association having its principal office located in Louisville, Kentucky (the "Trustee").

PREMISES

A. The Issuer is authorized and empowered by the provisions of Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes, as amended (the "Act"), to issue bonds and to loan the proceeds to any person to defray the costs of industrial building projects as defined in the Act; and

B. The Issuer approved an Ordinance on March 25, 1982, authorizing the issue of its Economic Development Revenue Bonds (BHB Tires, Inc. Project - 1982 Series) in the amount of $210,000 (the "Bonds") to defray the costs of a project to be owned by BHB Tires, Inc., a Kentucky corporation (the "Borrower"), and to be located in premises at Sunset Boulevard, U.S. Highway 27 South, Somerset, Kentucky, for use in manufacturing, processing or assembling retread tires; and

C. The Issuer has entered into a Mortgage, Loan and Security Agreement with the Borrower, dated as of the date hereof (the

"Loan Agreement"), specifying the terms and conditions of the loan of the proceeds of the Bonds to the Borrower to defray the costs of the Project (as defined in Section 101 hereof) and the obligations of the Borrower with respect to the acquisition, construction, renovation and use of the Project, and obligating the Borrower to make payments in the amounts required to pay the principal of and interest on the Bonds, and securing the payments under the Loan Agreement with a mortgage, assignment of rents and security interest on the Project and Property; and

D. It is the purpose of this Indenture to set out and establish the form and characteristics of the Bonds, the rights of the bondholders, and the rights and duties of the parties to this Indenture.

GRANTING CLAUSES

In consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and of the sum of ten dollars in lawful money of the United States of America, duly paid by the Trustee to the Issuer, at or before the execution and delivery of this Indenture, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect, and the performance and observance by the Issuer of all of the covenants expressed or implied herein and in the Bonds, the Issuer hereby

conveys, pledges, assigns, mortgages and grants a security interest in, to First National Bank of Louisville, as Trustee, and unto its successors in trust, and to its assigns forever, for the securing of the performance of the obligations of the Issuer hereinafter set forth, the following:

I.

The Note and the Loan Agreement (each as defined herein) which have been assigned to the Trustee by §5.2 of the Loan Agreement, including all extensions and renewals of the term thereof, if any, together with all right, title and interest of the Issuer therein (except to the extent to which such Loan Agreement provides for the indemnification of or the payment of the expenses of the Issuer), including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any of the monies, income, revenues, issues, profits and other amounts payable or receivable thereunder, whether payable on the Note or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer or any other person is or may become entitled to do under the Loan Agreement and the Note.

II.

All payments to be received by the Issuer under the Loan Agreement or the Note, together with all other revenues of the Issuer arising out of or on account of the Project (as defined herein).

III.

All monies and securities and other property from time to time held by the Trustee under the terms of this Indenture and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned, or transferred as and for additional security hereunder by the Issuer or by anyone in its behalf, or with its written consent, to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

HAVE AND TO HOLD all the same, whether now owned or hereafter acquired, with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said trust and to them and their assigns forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security, and protection of all present and future holders and owners of the Bonds.

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest due or to become due thereon, at the times and in the manner mentioned in such Bonds according to the true intent and meaning thereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall

well and truly keep, perform, and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed, and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, terminate, and be void; otherwise, this Indenture to be and remain in full force and effect.

IT IS EXPRESSLY DECLARED that the Bonds issued and secured hereunder are to be issued, authenticated, and delivered and all said moneys, revenues, properties and receipts pledged hereby and by the Loan Agreement are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the Issuer has agreed and covenanted and does hereby agree and covenant with the Trustee and with the respective holders and owners, from time to time, of the Bonds as follows:

ARTICLE I.

DEFINITIONS.

Section 101. Definitions.

Unless the context clearly requires otherwise, as used herein, the following terms shall have the following respective meanings:

"Act" means the Industrial Buildings for Cities and Counties Act, Sections 103.200 through 103.285 of the Kentucky Revised Statutes, as amended.

"Bond Counsel" means the law firm of Middleton & Reutlinger,

Louisville, Kentucky 40202, or other counsel determined by the Trustee to be qualified to pass upon questions relating to municipal bonds.

"Bondholder" or "Holder" means, when used with reference to the Bonds, the registered owner of any Bond.

"Bond" or "Bonds" means the $210,000 County of Pulaski Economic Development Revenue Bonds (BHB Tires, Inc. Project - 1982 Series, issued pursuant to the Indenture.

"Bond Fund" means the Bond Fund created in Section 401 hereof.

"Bond Payment Date" means any of the dates specified herein for payments of interest or principal on the Bonds, including any prepayments of the Bond or any portion thereof.

"Borrower" means BHB Tires, Inc., a Kentucky corporation, 106 Yaden Road, London, Kentucky 40741, or any surviving, resulting, or transferee partnership or corporation.

"Authorized Borrower Representative" means a person designated to act on behalf of the Borrower as provided in the Loan Agreement.

"Code" or "Internal Revenue Code" means the United States Internal Revenue Code of 1954, as amended, and the applicable regulations thereunder.

"Commonwealth" means the Commonwealth of Kentucky.

"Construction Fund" means the Construction Fund created in Section 401 hereof.

"Default" and "Event of Default" means those defaults and events of default, respectively specified and defined in Section 901 hereof.

"Determination Of Taxability" means (1) a ruling by the IRS (2) the receipt by any Bondholder from the IRS of a notice of assessment or deficiency in federal income tax, or penalty or interest, and demand for payment, (3) a final decision by a court of competent jurisdiction, or (4) the admission in writing by the Borrower, in any case to the effect that the interest on the Bonds is includable in the gross income of a holder or former holder thereof, other than for a period during which such holder or former holder is or was a "substantial user" of the Project or a "related person" as such terms are defined in the Code.

"Execution Date" means the date of execution and delivery of the Loan Agreement, the Indenture, and the Bonds, as specified on the first page hereof.

"Guarantors" means Charles Binder, an individual, and his personal representatives, Larry Hughes, an individual, and his personal representatives, and Rick Brown, an individual, and his personal representatives.

"Guaranty Agreement" means the Guaranty Agreement of even date herewith between the Trustee and the Guarantors with respect to the Bonds.

"Indenture" means this Trust Indenture, including any amendments or supplements thereto.

"IRS" refers to the Internal Revenue Service of the Treasury Department of the United States Government.

"Issuer" means the County of Pulaski, Kentucky, a political subdivision and duly organized and existing county of the Commonwealth.

"Loan Agreement" means the Mortgage, Loan and Security Agreement between the Issuer and the Borrower, dated as of the date hereof.

"Note" means the mortgage note of the Borrower to the Issuer, dated the Execution Date, in the principal amount of $210,000, and payable on or before March 1, 1992.

"Prime Rate" means at any time the interest per annum most recently designated and announced from time to time by London Bank and Trust Company as its "Prime Rate" in effect at its principal office on the first day of the calendar quarter in which any payment is due.

"Project" means the work performed on the improvements on the Property according to the Plans, as well as all those items of machinery and equipment acquired from the proceeds of the Bonds which are generally described in Exhibit B attached to the Loan Agreement together with all additions and alterations thereto and substitutions therefor, all of which machinery and equipment is to be installed and used at the Property.

"Property" means that real estate described in Exhibit C attached to the Loan Agreement and all improvements thereon.

"Purchaser" means London Bank and Trust Company, P.O. Box 10, Carnaby Square, London, Kentucky 40741.

"Representation and Indemnity Agreement" means the Representation and Indemnity Agreement dated the date hereof among the Issuer, the Borrower, the Guarantors and the Purchaser.

"Requisition Certificate" means the certificate required in Section 3.1 of the Loan Agreement in the form attached thereto as Exhibit C.

"Tax Incidence Date" means the date from which interest on the Bonds becomes or became includable in the gross income of any Bondholder or former Bondholder.

"Trustee" means the First National Bank of Louisville, a national banking association with a principal office at First National Tower, P.O. Box 36000, Louisville, Kentucky 40233, which has been designated to serve as the Trustee under the Indenture, and its successors or assigns, or any successor Trustee under the Indenture.

Any capitalized term used herein but not defined above shall have the meaning assigned to such term in the Loan Agreement.

ARTICLE II.

AUTHORIZATION OF BONDS.

Section 201. Authorization of Bonds.

A. There are hereby authorized to be issued bonds of the Issuer entitled "County of Pulaski Economic Development Revenue Bonds (BHB Tires, Inc. Project - 1982 Series)", in the aggregate principal amount of Two Hundred Ten Thousand Dollars ($210,000), initially issued as a single fully-registered Bond in the principal amount of $210,000 dated the Execution Date, issued in the form contained in Section 301 hereof, payable in installments of principal in the amounts and on the dates, bearing interest on the outstanding principal balance from the Execution Date payable on the dates and at the interest rates, and subject to the terms, conditions and limitations established herein and as specified in the bond form contained in Section 301 hereof. Any payments due on a Saturday, Sunday or legal holiday shall be due the next business day as if made on the due date.

B. All Bonds shall be entitled to the benefit of the continuing pledge and lien of this Indenture to secure their full and

final payment. The Bonds shall be special obligations of the Issuer, payable solely out of the revenues or other receipts, funds, moneys or property pledged therefor pursuant to the Indenture. Neither the Commonwealth nor any municipality shall be obligated to pay the Bonds, and neither the faith and credit nor the taxing power of the Commonwealth or any municipality is pledged to pay the Bonds. The Bonds shall never constitute a debt or liability of the Commonwealth or any municipality or bonds guaranteed by the Commonwealth or any municipality within the meaning of any constitutional or statutory limitation.

Section 202. Payment, Execution, Registrations, Transfers and Authentication.

A. Medium and Place of Payment.

All payments on the Bonds shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts, at the main office of the Trustee, or at the written request of any Bondholder by check or wire transfer or other reasonable method to a place or account designated in such request. If a Bondholder requests that payments be made directly by the Borrowers to the Bondholder, such Bondholder shall notify the Trustee of its failure to receive any payment and the Trustee shall have no responsibility or liability with respect to such payment until notified of such failure.

B. Execution of Bond.

The Bonds shall be executed on behalf of the Issuer with the manual signature of the Issuer's County Judge/Executive, and the seal of the Issuer shall be affixed thereto and attested by the

manual signature of the Issuer's Fiscal Court Clerk.

C. Registration, Transfer, and Exchange of Bonds; Person Treated as Owner.

The Trustee shall maintain books for the registration and for the transfer of the Bonds and shall act as the bond registrar of the Issuer with respect to the Bonds. The Bonds may be transferred only upon presentation of the Bond to the Trustee and an assignment duly executed by the registered owner or his duly authorized attorney in such form as shall be satisfactory to the Trustee, such transfer to be made on such books and endorsed on the Bond by the Trustee. All installments of principal and interest due on the Bond but not paid and any prepayments of principal, shall be noted in the Bond by the Trustee. The Bondholder shall pay any taxes or charges imposed on such transfer.

Any Bond, upon surrender thereof to the Trustee with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney in such form as shall be satisfactory to the Trustee, may be exchanged by the Bondholder for an equal aggregate principal amount of Bonds, provided that the outstanding principal balance of each pair of new Bonds aggregate $100,000 or more, with the amounts of principal payments adjusted pro rata, with different numbers, and otherwise identical in all respects to the surrendered Bond, and the officers of the Issuer are authorized to execute and seal, and the Trustee is authorized to authenticate and deliver, such new Bonds, upon payment by the Bondholders of the reasonable fees and expenses of Issuer and Trustee and any taxes or charges imposed on such exchange. The

Trustee shall note on the new Bonds the amounts of all principal and interest payments due but not paid and any prepayments of principal.

The Trustee shall not be required to transfer or exchange any Bond during the period of fifteen (15) days next preceding any interest payment date of the Bonds nor to transfer or exchange the Bond after notice calling the Bond for prepayment has been given as provided in Section 203(E) hereof.

The person in whose name the Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either principal or interest on the Bond shall be made only upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

D. Authentication by Trustee.

The Trustee shall execute the "Trustee's Certificate of Authentication" on the Bonds upon receipt of the documents, certifications, and opinion(s) listed in Section 304 hereof.

Only the Bond having endorsed thereon a "Trustee's Certificate of Authentication" duly executed by the Trustee, shall be valid and obligatory or entitled to any right or benefit under this Indenture.

Section 203. Prepayment.

A. Optional Prepayment.

The Bonds are subject to prepayment in whole or in part upon presentation of the Bond to the Trustee at the option of and as

directed by the Borrower on any Bond Payment Date from any monies that may be made available for that purpose from prepayments of the Note by the Borrower as provided in Section 4.2 of the Loan Agreement. Such prepayment shall be at par plus accrued interest to be applied first against accrued interest, then against principal installments in the inverse order of due dates.

B. Mandatory Prepayment.

The Bonds are subject to mandatory prepayment at any time (1) at par plus accrued interest, in whole or in part upon application of insurance or condemnation proceeds available to the Trustee under Article VIII of the Loan Agreement, (2) at par plus accrued interest, in whole or in part upon application of moneys remaining in the Construction Fund and available therefor after the Completion Date as provided in Sections 502 hereof and 3.4 of the Loan Agreement, or (3) at par plus accrued interest, in whole, if the Borrower is unable to or fails to deliver the Completion Certificate or the CPA opinion in accordance with Section 503 of the Indenture. Any prepayments in part shall be applied first to accrued interest and then to principal installments due in inverse order of their maturity.

C. Additional Payments and Prepayments if Bonds Become Taxable.

In the event of a Determination of Taxability (a) the Bonds and the Note shall bear interest from the Tax Incidence Date at the Prime Rate (but not less than Thirteen and One-Half Percent (13-1/2%) (b) within thirty (30) days after written notice of such

Determination of Taxability to the Borrower, the Borrower shall pay the Trustee for payment to each Bondholder and former Bondholder the difference between the aggregate amount of interest on the Bonds which would have been payable to such Bondholders and former Bondholders at such taxable rate and the aggregate amount of interest actually paid, commencing on the Tax Incidence Date and continuing to the most recent due date for the payment of interest on the Bonds, and (c) the Borrower shall pay upon demand to each Bondholder or former Bondholder (i) the amount of additional interest, penalties and the like paid or payable by such Bondholder or former Bondholder to the United States of America as a consequence of its failure to include the interest on the Bond in its federal gross income, and (ii) the amount of all legal, accounting and other costs and expenses occasioned by such failure or by any attempt by the Bondholder or former Bondholder to appeal or contest such Determination of Taxability. Upon receiving notification of a Determination of Taxability the Trustee shall direct the Bondholders to present the Bonds for notation, indicating the change of interest rate resulting from the aforesaid Determination of Taxability.

D. Appeal of Determination of Taxability.

Any Bondholder or former Bondholder may appeal or contest any Determination of Taxability. In the event of any contest or appeal, the Borrower, in addition to the payments required by Section 203(C) above, shall pay to such Bondholder or former Bondholder all legal, accounting and other costs and expenses of such

appeal or contest and any additional penalties and interest to which the Bondholder or former Bondholder may be subject as a result of such appeal or contest.

The Borrower shall cooperate and consult with the Bondholder or former Bondholder in connection with such appeal or contest; provided, however, that no Bondholder or former Bondholder shall be required to disclose or furnish any financial information which has not been disclosed to the general public, including without limitation any tax returns. The Bondholder or former Bondholder may pay the additional tax assessed and conduct the appeal as a contest for refund or may withhold payment of the additional tax until the appeal or contest is finally decided. If the appeal or contest results in a final decision in favor of the Bondholder or former Bondholder, all amounts of additional interest paid on the Bond by the Borrower pursuant to clause (a) or clause (b) of Section 203 (C) above, to the extent such amounts are refunded by or not paid to the United States, shall be returned to the Borrower without interest, and the interest rate on the Bonds shall revert to the normal interest rate.

E. Notice of Prepayment; Waiver of Notice.

Notice of prepayment identifying the amount of the outstanding Bond to be prepaid pursuant to Section 203(A) hereof shall be given not less than thirty (30) nor more than sixty (60) days prior to the date of prepayment by registered or certified mail, postage prepaid, to each Bondholder by the Borrower.

Notice of prepayment identifying the amount of the Bond to be

prepaid pursuant to Sections 203 (B) or (C) hereof shall be given by the Trustee not less than thirty (30) days nor more than sixty (60) days prior to the date of prepayment by registered or certified mail, postage prepaid, to each Bondholder and the Borrower.

Notice of prepayment may be waived with the written consent of the holder of the Bond called for prepayment. Surrender of the Bond by the holder for cancellation or notation of prepayment constitutes a waiver of the necessity of notice of prepayment.

F. Prepaid Bond is Deemed to be Retired.

If any Bond is duly prepaid in full or in part as provided in the preceding subsections hereof, or with respect to which irrevocable instructions to prepay at the earliest prepayment date have been given to the Trustee in form satisfactory to it and for the payment of the prepayment price of which sufficient monies shall be held in a separate account by the Trustee in trust for the holder of the Bond to be prepaid, then that portion of the Bond to be prepaid shall not thereafter be deemed to be outstanding under the provisions hereof.

If on any prepayment date, the Trustee holds moneys sufficient to prepay all or any portion of the Bonds plus the accrued interest and other payments due on the portion to be prepaid, the portion of the Bonds to be prepaid shall cease to bear interest on such prepayment date. Any prepayment of the Bonds in part shall not affect the obligation to pay the remaining installments of principal with interest thereon until the entire indebtedness is paid in full.

If there is more than one Bond outstanding, all prepayments shall be applied pro rata among all outstanding Bonds.

All Bonds prepaid in full shall be surrendered to the Trustee for cancellation. All partial prepayments shall be noted in the Trustee's books.

ARTICLE III

BOND FORM AND DELIVERY

Section 301. Bond Form.

The Bonds shall be in substantially the following form:

THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF KRS 103.200 TO 103.280 AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE COUNTY OF PULASKI OR COMMONWEALTH OF KENTUCKY WITHIN THE MEANING OF THE CONSTITUTION OF THE COMMONWEALTH OF KENTUCKY.

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF PULASKI
ECONOMIC DEVELOPMENT REVENUE BOND
(BHB TIRES, INC. PROJECT - 1982 SERIES)

NO. R- $210,000

The County of Pulaski (the "Issuer"), in the Commonwealth of Kentucky, acknowledges itself to owe, and for value received, hereby promises to pay to:

the registered holder hereof, or its registered assigns, solely from the special fund hereinafter identified, the sum of

TWO HUNDRED TEN THOUSAND DOLLARS ($210,000)

and to pay principal and interest (computed on a 365-day year) on

the unpaid principal balance thereof from date until paid at a rate of 70% of the Prime Rate of interest as herein defined, provided however, such rate of interest shall not be less than 13-1/2% per annum. The principal of and interest on this Bond shall be payable in 120 consecutive monthly installments. All interest accrued to the date of a principal installment shall be paid simultaneously with such principal installment. The interest rate as of the date hereof is 13-1/2% per annum. The interest rate shall be adjusted quarterly, determined and effective on the first day of January, April, July and October in each year (the "Adjustment Date") and if such date is a nonbusiness day, the interest rate shall be determined as of the next previous business day to be effective on the Adjustment Date. On each Adjustment Date, the amount of the installment due for the succeeding three months will be computed by determining the monthly payment required to amortize a loan in the amount of the then outstanding principal balance for a term equal to the balance of the 120 months remaining at the time of the computation. London Bank and Trust Company, London, Kentucky, shall provide to the Trustee on each Adjustment Date an amortization schedule showing the then outstanding principal balance of the Bond and the installments of principal and interest due on the Bond for each of the succeeding three months. The first of said monthly installments, in an amount of $3,197.76, is due and payable on April 1, 1982, with subsequent installments being due and payable on the first day of each month thereafter, as herein provided.

Any amount of principal, or prepayment of principal, or interest due on this Bond but unpaid shall bear interest at the Prime Rate (as defined below) from the due date until paid in full. Prime Rate of interest means at any time the interest per annum most recently designated and announced from time to time by London Bank and Trust Company as its "Prime Rate" in effect at its principal office on the first day of the calendar quarter in which any payment is due.

Each installment shall be applied first to the payment of interest on the unpaid principal balance of this Bond and the balance on account of the principal of this Note. All payments on this Bond shall be in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, at the main office of First National Bank of Louisville, Louisville, Kentucky (the "Trustee") or of its successors or assigns, or at the written request of any Bondholder by check or wire transfer or other reasonable method to a place or account designated in such request.

This is one of an authorized issue of bonds of the Issuer in the aggregate principal amount of $210,000 designated: Economic Development Revenue Bonds (BHB Tires, Inc. Project - 1982 Series) (the "Bonds") which are issued for the purpose of providing funds for the making of a loan by the Issuer to BHB Tires, Inc. (the "Borrower"), a corporation organized and existing under the laws of the Commonwealth of Kentucky, to finance a project consisting of the acquisition of and improvements to an industrial building facility, (the "Project") and paying necessary expenses incidental

thereto. The Bonds are issued pursuant to KRS 103.200 to 103.285 inclusive, as amended, an ordinance approved by the Issuer on March 24, 1982 and an Indenture of Trust dated as of March 29, 1982 (which Indenture as from time to time amended and supplemented is herein referred to as the "Indenture"), duly executed and delivered by the Issuer to First National Bank of Louisville, Louisville, Kentucky, as Trustee (said Trustee and any successors or assigns being herein collectively called the "Trustee"). The Bonds are equally and ratably secured by and entitled to the protection of the Indenture. The Issuer has assigned to the Trustee, as security for the Bonds, a Mortgage, Loan and Security Agreement (the "Loan Agreement"), and a Mortgage Note (the "Note") each dated the date of the Indenture, between the Issuer and the Borrower. The Loan Agreement constitutes a mortgage and security interest in both the Project and the Property. Pursuant to the Indenture, the Issuer has assigned to the Trustee the right to receive payments sufficient to pay the principal of and interest on the Bonds as the same become due, to be made by the Borrower pursuant to the Loan Agreement and the Note. Reference is hereby made to the Loan Agreement and the Indenture for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer, Trustee and the holders of the Bonds, the terms upon which the Bonds are issued and secured, and the provisions with regard to amendments

to the Indenture and Loan Agreement and waivers of defaults by the holders of a majority aggregate principal amount of the outstanding Bonds. The payment of the Bonds has been guaranteed to the Trustee by Charles Binder, Larry Hughes and Rick Brown (the "Guarantors") pursuant to a Guaranty Agreement dated as of the date of the Indenture between the Guarantors and the Trustee.

The Bonds are subject to prepayment in full or in part at the option of, and as directed by, the Borrower on any interest or principal payment date from any monies that may be made available for that purpose from prepayments of the Note by the Borrower. Such prepayment shall be at par plus accrued interest to be applied first against accrued interest, then against principal installments in inverse order of due dates.

The Bonds are subject to mandatory prepayment at any time as provided in the Indenture (1) at par plus accrued interest in whole or in part by application of insurance or condemnation proceeds, (2) at par plus accrued interest in whole or in part upon application of moneys from the Construction Fund upon completion of the Project, or (3) at par plus accrued interest, in whole if the Borrower is unable to or fails to deliver certain certificates within three years from the date of the Bonds. Any such prepayments in part shall be applied first to accrued interest and then to principal installments due in inverse order of their maturity.

In the event of a Determination of Taxability the Bonds shall bear interest from the Tax Incidence Date at the Prime Rate and past due interest at such taxable rate and certain other amounts shall be paid to Bondholders and former Bondholders, all as further provided in the Indenture.

Notice of prepayment (unless expressly waived in writing), shall be given not less than thirty (30) nor more than sixty (60) days prior to the date of prepayment by registered or certified mail, postage prepaid, to the holders of the Bonds at their addresses shown on the Trustee's registration books. To the extent moneys are held by the Trustee to make such prepayments, the portion of this Bond to be prepaid will cease to bear interest on such prepayment date. Any prepayment in part shall not affect the obligation to pay the remaining installments of principal with interest thereon until the entire Bond is paid in full.

The Bonds do not constitute an indebtedness of the Issuer, within the meaning of the Constitution or statutes of the Commonwealth of Kentucky, but are payable only from and secured by a pledge of revenues to be derived from the Note and the Loan Agreement and from the Project, which revenues shall be sufficient to pay the principal of and interest on the Bonds as and when the same become due and payable, and which shall be set aside as a special fund pledged for that purpose and identified as the Bond Fund under the Indenture. The Issuer covenants that it will account for income and revenues from the Loan Agreement and the Project sufficient to pay promptly the principal of and interest

on the Bonds, payable from said Bond Fund. The Bonds shall not constitute or give rise to any liability of the Issuer, the Commonwealth of Kentucky, or any municipality therein, or to any charge against any of their general credit or taxing powers.

If an Event of Default, as defined in the Indenture, shall occur, the unpaid principal of this Bond then outstanding may be declared due and payable in the manner and with the effect provided by the Indenture, but subject to waiver of such default as therein provided.

The holder of this Bond shall not be entitled to enforce the provisions of the Indenture or the Note or the Loan Agreement or to institute, appear in, or defend any suit, action, or proceedings at law or in equity to enforce any rights, remedies, or covenants granted by the Indenture or Loan Agreement, or to take any action with respect to any event of default under the Indenture or Loan Agreement, except as provided in said Indenture.

This Bond is transferrable only upon the books of the Trustee and upon the conditions as provided in the Indenture, and may be transferred or exchanged only upon surrender of this Bond and an assignment duly executed by the registered owner or his duly authorized attorney in form satisfactory to the Trustee, and upon payment of the taxes and charges and subject to the conditions provided in the Indenture. The Issuer and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner thereof for the purpose of receiving payment of, or

on account of, the principal and/or interest due hereon and for all other purposes.

Neither the officers of the Issuer nor the Trustee shall be liable personally or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

This Bond shall not be valid or obligatory or entitled to any benefit under the Indenture until the Trustee's Certificate of Authentication hereon has been executed by a duly authorized officer of the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond, do exist, have happened, and have been performed in due time, form, and manner and by the appropriate parties as required by law; that the amount of the Bonds, together with all other obligations of the Issuer, does not exceed or violate any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky, and that a sufficient amount of the income and revenues of the Project has been pledged to and will be set aside into the said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

IN WITNESS WHEREOF, the County of Pulaski, Kentucky, acting by and through its Fiscal Court, has caused this Bond to be signed with the manual signature of its County Judge/Executive and the

seal of the County affixed thereto, and attested by the manual signature of the Clerk of the Fiscal Court, and has caused this Bond to be dated all as of _____, 1982.

COUNTY OF PULASKI, KENTUCKY

By _____
County Judge/Executive

(County Seal)

Attest:

_____
Clerk of the Fiscal Court

G030982III

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is one of the Bonds of the issue described in the Indenture referred to in this Bond.

FIRST NATIONAL BANK OF LOUISVILLE
Trustee

By _____
Authorized Officer

PAYMENT RECORD

(Payments Overdue or Prepayments Made)

PRINCIPAL PAYMENTS	INTEREST PAYMENTS	TRUSTEE BY AUTHORIZED OFFICER AND TITLE	DATE

G021582III

REGISTRATION

REGISTERED OWNER	TRUSTEE BY AUTHORIZED OFFICER AND TITLE	DATE

(END OF BOND FORM)

Section 302. Mutilated, Lost, Stolen or Destroyed Bond.

If any Bond is mutilated, lost, stolen, or destroyed, the officers of the Issuer are authorized to execute and seal and the Trustee is authorized to authenticate and deliver a new Bond of like maturity and tenor in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee for cancellation, and in the case of any lost, stolen, or destroyed Bond, there shall be first furnished to the Issuer and the Trustee evidence satisfactory to them of the ownership of such Bond and of such loss, theft, or destruction, together with indemnity satisfactory to them, and compliance with such other reasonable requirements of the Issuer and the Trustee. If the Bond shall have matured, the Issuer may pay the same instead of issuing a new Bond. The Issuer and the Trustee may charge the holder or owner of such Bond their reasonable fees and expenses in connection with replaced Bonds.

Section 303. Cancellation.

Each Bond which has been surrendered to the Trustee shall be cancelled and cremated or otherwise destroyed by the Trustee and shall not be reissued, and a certificate of cremation or destruction evidencing such cremation or destruction shall be furnished by the Trustee to the Issuer and the Borrower. Each Bond shall be surrendered to the Trustee for cancellation prior to payment in full.

Section 304. Delivery of Bonds.

The Bonds shall be executed substantially in the form and

manner herein set forth, shall be deposited with the Trustee for authentication, and thereafter shall be delivered to or upon the order of the Purchaser thereof upon payment of the purchase price; provided, however, that prior to or simultaneously with the delivery of the Bonds there shall be filed with the Trustee the following documents:

(a) An original executed counterpart of this Trust Indenture, the Loan Agreement and the Representation and Indemnity Agreement, and the Guaranty Agreement of the Guarantors;

(b) The original executed Note;

(c) A certified copy of the proceedings taken by Issuer authorizing the issuance, execution and delivery of the Bonds, and authorizing the execution and delivery of the Loan Agreement, the Indenture and the Representation and Indemnity Agreement;

(d) An opinion of Counsel for the Borrower stating with respect to the Borrower that it is a corporation duly organized and existing under the laws of the Commonwealth of Kentucky; that the Note and Loan Agreement have each been duly authorized executed and delivered by it and each is valid and binding obligation of the Borrower and is enforceable in accordance with its terms;

(e) The opinion of Bond Counsel as to the legality of the Bonds as to the tax exemption of interest on the Bonds, and that the Bonds, the Loan Agreement and the Indenture have been duly authorized, executed and delivered and are valid and binding obligations of the Issuer enforceable in accordance with their terms, and, that all conditions precedent to the delivery of the Bonds have been fulfilled.

Section 305. Disposition of Proceeds of Bonds.

Upon the delivery of the Bonds and the receipt by the Trustee of the purchase price for the Bonds, any accrued interest shall be deposited in the Bond Fund created by Section 401 hereof, and all remaining proceeds shall be deposited in the Construction Fund created by Section 401 hereof.

ARTICLE IV

FUNDS AND INVESTMENTS

Section 401. Creation of Bond Fund and Construction Fund.

The Issuer hereby creates the following special funds to be held by the Trustee:

(a) the Bond Fund; and

(b) the Construction Fund.

All moneys and investments deposited in or held in the Bond Fund or the Construction Fund shall be held by the Trustee, in trust, separate and apart from all other moneys and investments of the Trustee and shall be applied only in accordance with the terms of this Indenture. The Trustee shall maintain adequate records of all deposits, investments and disbursements for the Bond Fund and the Construction Fund.

Section 402. Investment of Funds.

(A) All monies held as a part of the Bond Fund and the Construction Fund, and not required for immediate disbursement and withdrawal, may be invested and reinvested by the Trustee as directed in writing by the Borrower as hereinafter provided, if and to the extent then permitted by law, in the following investments (the "Investments"):

(1) Any bills, notes or bonds which constitute direct obligations of or are unconditionally guaranteed as to principal and interest by the United States of America;

(2) Obligations of the Federal National Mortgage Association;

(3) Obligations of the Federal Intermediate Credit Banks;

(4) Obligations of the Federal Banks for Cooperatives;

(5) Obligations of the Federal Land Banks;

(6) Obligations of Federal Home Loan Banks;

(7) Certificates of deposit and/or savings accounts of the Trustee and/or of other FDIC banks or trust companies, organized under the laws of the United States or any state thereof, which have a combined capital and surplus of at least $50,000,000; or

(8) Repurchase agreements with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in subsections (1) through (6) above.

(B) Such Investments shall mature in such amounts and at such times so that funds shall be available when required. Such Investments may be made by the Trustee through its own bond department.

(C) The Investments so purchased with moneys in either the Construction Fund or the Bond Fund shall be held by the Trustee and shall be deemed at all times a part of the Fund from which the investment was made and the interest accruing thereon and any profit realized therefrom shall be credited to such Fund, and any losses resulting from such investment shall be charged to such Fund, except that any interest earned on Investments in the Construction Fund in excess of any losses on such Investments may be transferred to the Bond Fund just prior to any principal or interest payment date on the Bonds at the written direction of the Borrower. On the first day of January, April, July and October in each year for the term of the Bond, the Trustee shall notify the

Borrower in writing of the amount of any such excess investment earnings, if any.

(D) There is incorporated herein the provisions of Section 2.3 of the Loan Agreement which provides that the proceeds of the Bonds, or any other funds which may be deemed to be proceeds of the Bonds pursuant to Section 103(c) of the Code shall not be invested in a manner which would cause the Bonds to be an "arbitrage bond" within the meaning of Section 103(c) of the Code.

Section 403. Moneys Held in Trust.

All moneys required to be deposited with or paid to the Trustee for the account of the Construction Fund and the Bond Fund under any provision of this Indenture and the proceeds of any insurance recovery or condemnation award received by the Trustee shall be held by the Trustee in trust, and including moneys deposited with or paid to the Trustee for the prepayment of the Bond, and all investments, if any, of such moneys, shall, while held by the Trustee, constitute part of the trust estate and be subject to the lien hereof and shall be held and maintained by the Trustee separate from all other funds of the Trustee and the Issuer.

ARTICLE V

CONSTRUCTION FUND

Section 501. Application of Moneys in Construction Fund.

The Trustee shall apply the moneys and funds in the Construction Fund to pay Project Costs (as defined in the Loan Agreement) as follows:

(1) The fees and expenses of Issuer, of counsel to the Purchaser and of Bond Counsel, recording and filing fees shall be paid directly to such respective persons or for such recording and filing fees upon receipt by the Trustee of a written statement for such amounts and without the necessity of a Requisition Certificate.

(2) All other payments for Project Costs shall be disbursed by the Trustee as provided herein and in Section 3.1 of the Loan Agreement upon presentation to the Trustee of a properly completed Requisition Certificate as required by Section 3.1 of the Loan Agreement in the form attached as an Exhibit to the Loan Agreement. The amount requested in each Requisition Certificate, except the last Requisition Certificate, shall aggregate at least $5,000.

(3) If any Bondholder so requests in writing to the Trustee, no disbursement under (2) above shall be made until the holders of a majority of the aggregate principal amount of the outstanding Bonds have approved each requsition. Such approval may be withheld pending an audit by the Trustee, as provided in Section 3.1 of the Loan Agreement, to ensure that the Requisition Certificate and other information required to be submitted with the Certificate is true and complete.

(4) At least 10% of the face amount of the Bonds shall be held in the Construction Fund until the Trustee receives a statement in reasonable detail as to the actual Project Costs to date, and an opinion of certified public accountants (which may be the

Borrower's certified public accountant) to the effect that they have examined the Borrower's statement as to Project Costs to date and all Requisition Certificates submitted to the Trustee; that their examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the Borrower's records and such auditing procedures as they considered necessary in the circumstances; that they are certified public accountants; that in their opinion (a) the Borrower's statement of Project Costs and the Requisition Certificates are consistent except for any Project Costs paid by Borrower but not yet requisitioned by Borrower, (b) the Borrower's statement of Project Costs presents fairly the costs paid or incurred by the Borrower in connection with the acquisition and construction of the Project in conformity with generally accepted accounting principles applied on a consistent basis, (c) such Project Costs equal to 90% or more of the face amount of Bonds were paid for the acquisition, construction or reconstruction of land or property of a character subject to the allowance for depreciation provided in Section 167 of the Code were incurred on or after December 9, 1981 (the date of the Issuer's inducement resolution), and have been or will be capitalized by the Borrower for federal income tax purposes; and that with respect to any portion of such amount which was incurred during any period subsequent to that covered by Borrower's last federal income tax return, they have relied upon a certification of the Borrower that such portion will be capitalized on its federal income tax returns due after the date of such opinion.

(5) The Borrower shall submit with each Requisition Certificate for machinery, equipment or other personal property (a) a list of each such item of personal property, (b) copies of the financing statements listing each such item in proper form and properly filed so as to perfect the Trustee's first security interest in each such item of personal property and in all replacements, extensions, additions, substitutions and the proceeds thereof, and (c) an Opinion of Counsel in form and substance satisfactory to the Trustee that the Borrower owns each such item of personal property and that the Trustee holds a perfected first security interest in each such item.

Section 502. Completion of the Project.

The completion of the Project and payment of all Project Costs shall be evidenced by the filing with the Trustee of a properly completed Completion Certificate in accordance with Section 3.3 of the Loan Agreement. Within 60 days after the filing of the Completion Certificate, the Trustee shall transfer to the Bond Fund all amounts remaining in the Construction Fund, except for any amounts stated in such Certificate as necessary for the payment of any Project Costs not then due and payable, with written advice to the Borrower of such action. Any moneys remaining after the payment of such remaining costs and expenses shall be transferred to the Bond Fund. Such transferred amounts shall be applied to prepayment of principal installments on the Note and the Bonds, except for any odd amounts less than $5,000 (which odd amounts may be applied to accrued interest), as provided in Section 203(B)

hereof. After all Project Costs have been paid the Trustee shall file an accounting of all deposits, investments and disbursements for the Construction Fund with the Issuer and the Borrower.

Section 503. Failure to Complete Project.

If the Borrower is unable or fails to deliver the Completion Certificate or the accountant's opinion required by Section 501(4) hereof, within three years from the Execution Date (or such later date approved in writing by the Issuer, the Trustee and all the Bondholders), the Trustee shall transfer all amounts remaining in the Construction Fund to the Bond Fund, and shall cause the Note and the Bonds to be prepaid in full as provided in Section 203(B) hereof and 3.3 of the Loan Agreement.

Section 504. Prepayment of Bonds Prior to Completion of Project

In the event Borrower elects to prepay the Bonds in full prior to completion of the Project in accordance with Section 203(A) hereof, all amounts in the Construction Fund shall be transferred to the Bond Fund.

ARTICLE VI

BOND FUND

Section 601. Application of Moneys in the Bond Fund.

(A) The Trustee shall apply the moneys and funds in the Bond Fund as follows in the following order:

(1) to the payment of, plus any interest due thereon, any advances made by the Issuer or the Trustee pursuant to the Loan Agreement or hereto; then

(2) to any expenses or fees due to the Trustee; then

(3) to any interest due on overdue payments; then

(4) to any interest due on the Bonds; and then

(5) to any principal (including any prepayments of principal) due on the Bonds.

(B) On the first day of January, April, July and October in each year for the term of the Bond, the Trustee shall notify the Borrower of any excess investment income or other monies in the Bond Fund which are available to make the payments or prepayments plus interest due on the Bonds.

(C) After the Bonds shall have been retired or fully provided for through Defeasance (as authorized in Section 801 hereof) any funds representing loan payments which are then held in the Bond Fund, and are in excess of the amount required to retire or defease all of the outstanding Bonds, and all other obligations of the Borrower under the Loan Agreement and the Issuer hereunder, shall be refunded to the Borrower as an adjustment of loan payments.

Section 602. Maintenance and Operation of the Project.

It is hereby further recognized that under the terms and provisions of the authorized use and occupancy of the Project and the Property by the Borrower, the Borrower will, in addition to the loan payments, also pay the cost of maintenance and operation of the Project and the Property and all taxes, insurance premiums and certain other expenses and costs in connection with the Project and the Property. For the purpose of paying such costs, to the

extent that such costs are not otherwise paid or provided for by the Borrower, the Trustee may, but shall not be obligated to, withdraw from the Bond Fund such amounts as may be reasonably necessary to pay such costs and any such amounts withdrawn shall be reimbursed by the Borrower to the Trustee and deposited in the Bond Fund with interest as provided in the Loan Agreement.

ARTICLE VII

COVENANTS OF THE ISSUER

Section 701. Payment of Bonds.

The Issuer covenants that it will promptly pay, solely from the revenues or other moneys derived in connection with the Project and pursuant to the Note and the Loan Agreement, the principal of, and interest on the Bonds at the place, on the dates and in the manner provided herein and in the Bonds, according to the true intent and meaning thereof. Neither the officers or employees of the Issuer or of the Trustee shall be liable personally or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Section 702. Performance of Covenants.

The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained herein and in the Bonds. The Issuer covenants that it is duly authorized under the Constitution and laws of the Commonwealth, including the Act, to issue the Bonds and to execute and deliver the Loan Agreement and this Indenture, to create the liens in the property pledged as security for the Bonds, and that

all action on its part for the issuance of the Bonds and the execution and delivery of the Bonds, this Indenture, the Loan Agreement and the Representation and Indemnity Agreement, and the assignment of the Note to the Trustee, have been duly and effectively taken, and that the Bonds are valid and enforceable obligations of the Issuer in accordance with their terms and the terms of this Indenture.

Section 703. Further Assurances.

The Issuer and the Trustee each covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the other may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto the Trustee all and singular the property and rights assigned hereby and the amounts pledged hereby to the payment of the Bonds.

Section 704. Rights Under the Loan Agreement.

The Loan Agreement sets forth the covenants and obligations of the Issuer and the Borrower. The Trustee agrees to enforce all covenants and obligations of the Borrower under the Loan Agreement and the Note and it is agreed that the Trustee may and is hereby granted the right to enforce all rights of the Issuer and all obligations of the Borrower under the Loan Agreement and the Note. The Issuer covenants that so long as any portion of the Bonds is outstanding, the Issuer will preserve and enforce the Loan Agreement and the Note and will not permit any change or variation in the terms thereof except as permitted by this Indenture.

Section 705. Additional Bonds.

The Issuer covenants that it will issue no bonds or indebtedness other than the Bonds secured by a lien on or pledge of the revenues and property pledged as security for the Bonds without the prior written consent of all the Bondholders.

Section 706. Recording and Filing.

The Issuer covenants that it will cause the Loan Agreement and all supplements thereto, as well as such other security agreements, financing statements and other instruments as may from time to time be required to be kept, to be recorded and filed in such places as may be required by law in order to fully preserve and protect the security of the Bondholders and the rights of the Trustee hereunder.

Section 707. Records and Accounts.

The Issuer and the Trustee covenant and agree that so long as the Bonds have not been paid in full, the Trustee shall maintain proper books and accounts separate and apart from all other municipal records and accounts, showing complete and current entries of all transactions relating to the Project, the loan and the Bonds, and that each Bondholder shall have the right at all reasonable times to inspect such records and accounts and any data relating thereto.

Section 708. Contract with Bondholders.

The provisions of this Indenture shall constitute a contract between the Issuer and the Trustee for the benefit of the Bondholders. This Indenture is made and entered into by virtue of and

pursuant to the Act. The Issuer has ascertained and hereby determines and declares that the execution and delivery of this Indenture is necessary to carry out the powers and duties provided by the Act.

ARTICLE VIII

DISCHARGE OF LIEN

Section 801. Discharge of Lien; Defeasance.

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid as hereinafter set out in this Section, the principal of interest on the Bonds at the times and in the manner provided herein, and if all advances, fees and expenses of the Trustee in connection with the Bonds shall have been paid or provided for, and if the Issuer shall keep, perform, and observe all and singular the covenants and promises in the Bonds and expressed herein to be kept, performed, and observed by it or on its part, then these presents and the rights hereby granted shall cease, terminate, and be void, and thereupon the Trustee upon the request of the Issuer or Borrower shall execute and deliver to the Issuer such instruments in writing as shall be requisite to cancel the lien hereof, and assign and deliver to the Borrower any pertinent property encumbered hereby which may then be in its possession, except amounts in the Bond Fund required to be paid to the Borrower under Section 601(C) hereof, and except funds, or securities in which such funds are invested, held by the Trustee for the payment of the Bonds or other payments to become due hereunder.

The Bonds shall, prior to the maturity or prepayment date

thereof, be deemed to have been paid within the meaning and with the effect expressed above if (a) in case the Bonds are to be prepaid on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of prepayment of the Bonds on said date as provided in Secion 203 hereof, (b) there shall have been deposited with the Trustee (i) monies in an amount which shall be sufficient, and/or (ii) direct obligations of or obligations guaranteed by the United States of America the principal of, and the interest on such principal when due, will provide monies which, together with other monies, if any, deposited with the Trustee at the same time, shall be sufficient for payment of the Bonds on and prior to the prepayment date or the maturity date thereof, as the case may be, and (c) in the event the Bonds are not to be prepaid in accordance with the prepayment provisions hereof within the next succeeding 60 days, the Issuer shall have given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable, in the same manner as a notice of prepayment is given pursuant to Section 203 hereof, a notice to the holder of each Bond that the deposit required by (b) above has been made with the Trustee, that said Bond is deemed to have been paid in accordance with this Section, and stating such maturity and/or prepayment date upon which moneys are to be available for the payment of the principal of and interest on such Bond.

Neither the securities nor monies deposited with the Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any other purpose

than, and the same shall be held in trust for, the payment of the Bonds; provided, that any cash received from such principal and/or interest payments on such securities deposited with the Trustee, if not needed for such purpose, shall, to the extent practicable, be reinvested in eligible securities as provided above maturing at times and in amounts sufficient to pay when due the principal and interest if any, to become due on said Bonds on and/or prior to such prepayment date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall, if not needed for debt service payments, be paid over to the Borrower, as received by the Trustee, free and clear of any trust, lien or pledge.

No investment may be made under this Section which would cause the Bond to become an arbitrage bond within the meaning of Section 103 of the Code.

ARTICLE IX

DEFAULTS AND CONSEQUENCES.

Section 901. Events of Default.

Each of the following events is hereby declared an Event of Default:

(a) if default shall be made in the due and punctual payment of principal of interest on any Bond when and as the same shall become due and payable, whether by acceleration or otherwise;

(b) if default shall be made by the Issuer in the performance or observance of any other of the covenants, agreements, or conditions on its part contained herein or in the Bonds, and such default shall have continued for a period of 30 days after written notice thereof, specifying such default and requiring the same to be remedied,

shall have been given to the Issuer by the Trustee, or to the Issuer and the Trustee by any holder of the Bonds (or in case of any default which cannot with due diligence be cured within such 30-day period, if the Issuer shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with the default not susceptible of being cured with due diligence within the 30 days that the time of the Issuer within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with due diligence);

(c) if the Borrower shall default in any of its obligations under the Loan Agreement and such default shall not have been remedied within the applicable period of time for remedy therein expressed in Section 12.1 of the Loan Agreement;

(d) if there shall be a material misrepresentation by the Issuer or the Borrower in the Representation and Indemnity Agreement.

Section 902. Remedies

(A) Upon the happening of an Event of Default:

The Trustee, in the case of the happening and continuance of an Event of Default specified in Section 901 hereof, may, or upon request of the holders of a majority in aggregate principal amount of the outstanding Bonds and upon being indemnified to its satisfaction, shall, exercise any or all of the following remedies:

(1) Declare the Bonds to be immediately due and payable, whereupon the same shall become immediately due and payable.

(2) Have access to and inspect, examine, and make copies of, books, records, and accounts of the Issuer and of the Borrower pertaining to the Project.

(3) As a matter of right if such be permitted by law, without notice and without giving surety bond to anyone claiming under it, have a receiver appointed of the Project and of the earnings, income, rents, issues, and profits as the court making such appointment shall confer, including such powers as may be necessary or usual in such cases for the protection, possession, control, management and operation of the Project.

(4) Exercise any remedy permitted by the Loan Agreement.

(5) Take whatever action in law or in equity may appear necessary or desirable to collect the principal of and interest on the Bonds, including foreclosure proceedings, and/or other revenues and proceeds available from the Project, then due or thereafter to become due or to enforce observance or performance of any covenant, condition, or agreement of the Issuer herein, and/or of the Borrower or of any Guarantor under the Loan Agreement, the Note, any guaranty of the Bonds and the Representation and Indemnity Agreement.

(B) All rights of action under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds, and any recovery of judgment shall be for the equal benefit of the holders of the Outstanding Bonds.

(C) Regardless of the happening of an Event of Default, the Trustee may, and if requested in writing by the holders of not less than a majority in principal amount of the Bonds then outstanding and furnished with indemnity to its satisfaction shall, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Loan Agreement or this Indenture by any acts which may be unlawful or in violation of the Loan Agreement or the Indenture or of any ordinance authorizing the Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; but no such request shall be

otherwise than in accordance with the provisions of law and of the Indenture or be unduly prejudicial to the interests of the holders of Bonds not making such request.

Section 903. Application of Revenues and other Moneys After Default

(A) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee and interest thereon, shall be deposited in the Bond Fund and all moneys so deposited in such Fund and available for payment of the Bonds shall be applied as follows:

(1) First to the payment of all interest due on overdue payments.

(2) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

FIRST To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installments, to the Bondholders entitled thereto, without any discrimination or privilege; and

SECOND to the payment to the persons entitled thereto of the unpaid principal of the Bonds or principal installments which shall have become due (other than Bonds called for prepayment for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds or principal installments due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(3) If the principal of all the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest (at the rate or rates expressed thereon) then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(B) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Bonds until such Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 904. Majority Bondholders Control Proceedings. Anything herein to the contrary notwithstanding, the holders

of a majority in aggregate principal amount of Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for any other proceedings hereunder; but such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Section 905. Limitations on Enforcement by Bondholders.

(A) No Bondholder shall have any right to institute or prosecute any suit or proceeding at law or in equity for the appointment of a receiver of the Project, for the enforcement of any of the provisions of the Loan Agreement, of the Note, or of any remedies hereunder in respect to the Project or the Bonds unless (1) the Trustee shall have neglected for 45 days to take such action after request in writing by the holders of a majority in aggregate principal amount of the outstanding Bonds and (2) such Bondholders shall have offered to the Trustee such reasonable indemnity as the Trustee may require against the costs, expenses, and liabilities to be incurred therein or thereby; provided further that no holder of any Bond shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Loan Agreement and the Indenture, or to enforce any right under the Loan Agreement or the Indenture except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Loan Agreement or the

Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all holders of the outstanding Bonds.

(B) Nothing contained herein or in the Bonds shall affect or impair the right of any Bondholder to payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bonds to the respective holders thereof at the time, place, from the source and in the manner herein and in said Bonds expressed.

Section 906. Waivers of Default.

The Trustee may waive any Event of Default hereunder or under the Loan Agreement or the Note and its consequences, upon the written request of the holders of a majority in aggregate principal amount of the Bonds then outstanding; except that without the written consent of the holders of all the Bonds outstanding there shall not be waived (i) any default in the payment of the principal of any outstanding Bonds or of the Note, at the date of maturity specified therein or (ii) any default in the payment when due of the interest on any such Bonds or of the Note, unless, prior to such waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds or the Note on overdue installments of interest in respect of which such default shall have occurred or all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for.

In no event shall the Trustee allow any such waiver until it receives an opinion of Bond Counsel that such waiver is permitted hereby and will not impose any pecuniary obligation or liability or adverse consequence upon the Issuer.

Section 907. No Waiver Effected by Delay; All Remedies Cumulative.

No delay or ommission of the Trustee or the holder of the Bonds to exercise any right or power arising from any Event of Default shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Trustee or Bondholder of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom, except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing.

ARTICLE X.

THE TRUSTEE.

Section 1001. Acceptance by Trustee.

The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture and the Loan Agreement by executing this Indenture.

Section 1002. Duties and Responsibilities.

The duties of such Trustee, in addition to acting as paying agent and bond registrar for the Bonds, shall be as follows:

(a) To receive such funds of which it is hereby designated depository and to transfer and disburse monies received by it in strict accordance with the provisions hereof; but such Trustee shall not be liable for the payment of any monies by the Borrower, and shall be liable only to account for the monies actually received by it; provided, however, that the Trustee shall have the duty, if it fails to receive a loan payment from the Borrower, on the next succeeding business day after said payment is due, to notify the Borrower of said overdue payment and to request payment within two business days;

(b) To retain possession of all insurance policies (or Certificates thereof) placed in force pursuant to the provisions of the Loan Agreement, if and when such instrument becomes effective, and as to which it is provided in such instrument that the Trustee shall retain possession of such policies (or Certificates), and to receive and transfer any proceeds from such policies in strict accordance with the provisions of such instrument; to check and verify that all policies of insurance provided for hereunder and/or under the Loan Agreement, are maintained in full force and effect at all times and that such policies of insurance comply with the requirements herein and therein provided; and to give notice to the Issuer, and the Bondholders of any failure by and of the Borrower to keep the insurance policies in force; provided, however, that the Trustee shall not be required to pay any premium on any such policies, the obligation of the Trustee being to request that the proper party place all insurance required in effect, and upon the failure of the proper party to do so, to notify the Issuer, the Borrower and the Bondholders of such failure.

(c) To authenticate the Bonds as herein provided;

(d) To make the payments on the Bonds as the same fall due, if and to the extent that there are monies in the Bond Fund sufficient for such purpose;

(e) To invest surplus amounts of cash, if any, in the Funds herein provided, and in the manner herein provided, to hold such obligations, to sell same, and to credit the proceeds to such Funds all as herein provided, such Trustee to have the right to take all of such actions without any further authorization by the Issuer, the Borrower, or any other party, except as is otherwise herein provided;

(f) The Trustee, prior to the occurrence of an Event of Default and after the curing of all events of default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and as a corporate trustee ordinarily would perform such

duties under a corporate mortgage. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a corporate trustee under a corporate mortgage ordinarily would perform under the circumstances;

(g) To take such other actions as may be required under the terms hereof or of the Loan Agreement.

Section 1003. Immunities and Other Rights.

The acceptance by the Trustee of the trusts, duties, and responsibilities herein is subject to the following immunities and other rights of the Trustee:

(a) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder, except failure by the Issuer (directly or through assignment of loan payments payable by the Borrower) to cause to be made any of the payments to the Trustee required to be made by Article III, or failure by the Issuer or the Borrower to file with the Trustee any document required by this Indenture or the Loan Agreement to be so filed, unless the Trustee shall be notified of such default by the Issuer or by the holder of any Bond.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers, or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to act upon the opinion or advice of its counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay reasonable compensation to all such attorneys, agents, receivers, and employees as may reasonably be employed in connection with the trust hereof. The Trustee may act upon an opinion of its counsel and shall not be responsible for any loss or damage resulting from any action or non-action by it taken or omitted to be taken in good faith and in reliance upon such opinion.

(c) The Trustee shall not be responsible for the validity or sufficiency of this Indenture or the Bonds, or for any recital herein or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for the recording of the Loan Agreement or this Indenture, or for insuring the Project (except as set out in Section 1002(b) hereof), or collecting any insurance monies, or for the validity of the execution by the Issuer of the Bonds or this Indenture or of any supplements thereto or instruments of further assurance or for the sufficiency of the

security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Project or Property or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the Project or Property pursuant to any provision of this Indenture, it shall use due diligence in preserving all or any part of the Project or Property so entered, and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Issuer or on the part of the Borrower under the Loan Agreement, except as herein set forth; but the Trustee may require of the Issuer or the Borrower full information and advice as to the performance of the covenants, conditions, and agreements aforesaid and as to the condition of the Project and Property. The Trustee shall have no obligation to perform any of the duties of the Issuer under the Loan Agreement and shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 402 hereof.

(d) The Trustee shall not be accountable for the use of the Bonds authenticated or delivered hereunder. The Trustee and its directors, officers, employees, or agents, may in good faith buy, sell, own, hold, and deal in the Bonds and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee, and may also receive tenders and purchase in good faith the Bonds from itself, including any department, affiliate, or subsidiary, with like effect as if it were not the Trustee.

(e) Any action, approval or consent required to be taken or given by the Trustee may be taken or given or not taken or given at the direction of the Holders of a majority of the outstanding principal amount of Bonds except as otherwise provided herein. The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request, authority, or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper, or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer by its County Judge/Executive and attested by its Fiscal Court Clerk under its seal, or by such person or persons as may be designated for such purposes by resolution of the Issuer, as sufficient evidence of the facts therein contained; and prior to the occurrence of a default of which the

Trustee has been notified, which it is deemed to have notice, may also accept a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Issuer's Fiscal Court Clerk under its seal to the effect that a resolution in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things or to take actions enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful default.

(h) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the Project as provided in this Indenture.

(i) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants, and representatives, shall have the right, but shall not be required, to inspect the Project and all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to make such copies and memoranda from and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of such trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere contained in this Indenture, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of the Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals, or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof, as a condition of establishing the right of the Issuer to the authentication of the Bond, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking any action under this Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default, by reason of any action so taken.

(m) All monies received by the Trustee shall, until used, be applied or invested as herein provided, be held in trust, in the manner and for the purposes for which they were received, but need not be segregated from other funds of the Trustee except to the extent required by this Indenture or by law. The Trustee shall not be under any liability for interest on any monies received hereunder except such as may be agreed upon.

Section 1004. Fees.

The Trustee shall be entitled to receive payment of its fees and reasonable expenses, and of any advances made together with interest thereon, as provided in Sections 6.3 and 6.7 of the Loan Agreement, respectively.

Section 1005. Notice of Defaults.

If the Borrower shall fail to make any loan payment on the day such is due and payable, and such default continues for 15 days, the Trustee shall give written notice thereof to the Issuer and the Bondholders. Upon becoming aware of any condition or event (other than the failure to make a payment) which constitutes, or with the giving of notice or the passage of time would constitute, an Event of Default under the Loan Agreement, this Indenture, or any guaranty of the Bonds, the Trustee shall deliver to the Issuer and each Bondholder a written notice stating the existence thereof and the action it proposes to take with respect thereto. "Becoming aware" shall mean the actual knowledge of an officer in the Trustee's Corporate Trust Department.

Section 1006. Intervention by Trustee.

In any judicial proceeding to which the Issuer or the Borrower, or any Bondholder or any Guarantor of the Bonds is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of the owner of the Bonds, the

Trustee may intervene on behalf of the Bondholders. The rights of the Trustee under this section are subject to the approval of a court of competent jurisdiction.

Section 1007. Merger or Consolidation of Trustee.

Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party shall be and become successor Trustee hereunder and vested with all the trusts, powers, discretion, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding; provided said corporation or association is qualified to act as successor trustee hereunder as provided in Section 1010 hereof.

Section 1008. Resignation by Trustee.

The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days' written notice to the Issuer, the Borrower and the Bondholders. Such resignation shall take effect upon the appointment of a successor Trustee by the Bondholders or the Issuer as provided in Section 1010 hereof.

Section 1009. Removal of Trustee.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to

the Issuer and signed by Bondholders owning a majority of the aggregate principal amount of the outstanding Bonds.

Section 1010. Appointment of Successor Trustee; Temporary Trustee.

In case the Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, the position of Trustee shall thereupon become vacant, and a successor may be appointed by the Bondholders by an instrument or concurrent instruments in writing signed by Bondholders owning a majority of the aggregate outstanding principal amount of the Bonds; provided, however, that in case of such vacancy the Issuer, by an instrument signed by the Issuer's County Judge/Executive and attested by the Issuer's Fiscal Court Clerk under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner provided above; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by the Bondholders. Every Trustee appointed pursuant to this Section shall be a bank or trust company or national banking association, having a reported capital and surplus of not less than $5,000,000, and having the authority to exercise corporate trust powers, if there be such an institution willing, qualified and able to accept the trusts herein conferred upon reasonable or customary terms.

Section 1011. Concerning Successor Trustees.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all of the properties, rights, immunities, powers and trusts, and subject to the duties and obligations of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and monies held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer or any predecessor Trustee be required by any successor Trustee or any Bondholder for more fully and certainly vesting in such successor the properties, rights, immunities, powers, trusts and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer or the predecessor Trustee. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Trustee in each recording office where this Indenture or notice thereof may have been filed and/or recorded.

In the event of a change in the office of Trustee, the predecessor Trustee shall cease to be bond registrar and paying agent for the Bonds and the successor Trustee shall become such bond registrar and paying agent.

Section 1012 Continuation Statements.

The Trustee shall cause all supplements, amendments and continuation statements necessary to preserve and protect the trust estate and the security interests of the Trustee in the trust estate to be filed and recorded in the appropriate governmental offices so as to continue the perfected status thereof pursuant to the laws of the Commonwealth.

Section 1013 Reports.

The Trustee shall give the Issuer such information as the Issuer may reasonably request with regard to the exercise of its duties hereunder, including all information pertaining to the receipt and application of moneys and investments hereunder.

ARTICLE XI

AMENDMENTS TO LOAN AGREEMENT; SUPPLEMENTAL INDENTURES

Section 1101 Amendments to Loan Agreement.

The Trustee shall not consent to any amendments of the Loan Agreement pursuant to Section 13.4 thereof without the prior written consent of the Issuer, the Borrower and Bondholders owning a majority of the aggregate outstanding principal amount of the Bonds, and receipt of the opinion of Bond Counsel as provided in Section 12.5 of the Loan Agreement, except that the Trustee shall not consent to any such amendments without the written consent of all the Bondholders if such amendment (i) affects the amounts or dates of payment or prepayment of principal or interest on the Note or any other payments due under the Loan Agreement, or (ii) results in the release of any moneys, funds, real estate or

other property pledged as security for the Bonds, or (iii) changes the provisions of Section 12.5 or 13.4 of the Loan Agreement.

Section 1102 Supplemental Indentures.

The Trustee shall not consent to nor execute any indenture supplemental to this Indenture, nor any amendments to this Indenture, without the prior written consent of the Bondholders owning a majority of the aggregate principal amount of the outstanding Bonds, or the prior written consent of all the Bondholders if such supplemental indenture or amendment (i) affects the amounts or dates of payment or prepayment of principal or interest on the Bonds, or (ii) results in the release of any moneys, funds, real estate or other property pledged as security for the Bonds, or (iii) changes the provisions of Sections 705 or 906 or Article XI hereof.

Section 1103. Opinion of Bond Counsel.

The Trustee shall not execute any supplemental indenture nor any amendments to this Indenture unless there shall have been filed with the Trustee an opinion of Bond Counsel stating that such supplemental indenture or amendment is authorized or permitted by this Indenture and complies with its terms and that upon execution it will be valid and binding upon the Issuer in accordance with its terms.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201. Limitation of Rights.

With the exception of rights herein expressly conferred,

nothing expressed, mentioned in, or to be implied from, this Indenture or from the Bonds, is intended to or shall be construed to give to any person other than the parties hereto, the Borrower, and the Bondholders, any legal or equitable right, remedy, or claim under or in respect to this Indenture or any covenants, agreements, conditions, and provisions herein contained; this Indenture and all of the covenants, agreements, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Borrower, and the Bondholders as herein provided.

Section 1202. Severability.

If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case or circumstance, such case or circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

Section 1203. Notices.

It shall be sufficient service of any notice or other paper if the same shall be duly mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

(a) If to the Issuer - County of Pulaski
County Courthouse
Somerset, Kentucky 42501
Attention: County Judge/Executive

(b) If to the Borrower - BHB Tires, Inc.
c/o Charles Binder
106 Yaden Road
London, Kentucky 40741

(c) If to the Trustee - First National Bank of Louisville
First National Tower
P.O. Box 36000
Louisville, Kentucky 40232
Attention:
Corporate Trust Dept.

A duplicate copy of each notice or other communication given hereunder by the Issuer, the Borrower or the Trustee to any one of the others shall also be given to each Bondholder and to all of the others. The Issuer, the Borrower, the Trustee and the Bondholders may, by notice given hereunder, designate any further or different addresses to which subsequent notices, or other communications shall be sent.

Section 1204. Counterparts.

This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1205. Laws Governing Indenture.

The effect and meaning of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the Commonwealth.

Section 1206. Captions.

The captions of this Indenture are for convenience only and are not to be construed as part of this Indenture nor as defining or limiting in any way the scope or intent of the provisions hereof.

IN WITNESS WHEREOF, the County has caused these presents to be signed in its name and behalf by its County Judge/Executive and

its corporate seal to be hereunto affixed and attested by its Fiscal Court Clerk, and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and behalf and attested by its duly authorized officers, all as of the date first above written.

COUNTY OF PULASKI, KENTUCKY

Attest:

By _____
Fiscal Court Clerk

By _____
County Judge/Executive

FIRST NATIONAL BANK OF LOUISVILLE

Attest:

By _____

By _____

G032082III

$210,000 COUNTY OF PULASKI
ECONOMIC DEVELOPMENT REVENUE BONDS
(BHB TIRES, INC. PROJECT - 1982 SERIES)

REPRESENTATION AND INDEMNITY AGREEMENT

THIS REPRESENTATION AND INDEMNITY AGREEMENT is made this ___ day of March, 1982, by and between London Bank and Trust Company, London, Kentucky (the "Purchaser") as Purchaser of the $210,000 County of Pulaski Economic Development Revenue Bonds, (BHB Tires, Inc. Project - 1982 Series) (the "Bonds"), the County of Pulaski, Kentucky, a political subdivision of the Commonwealth of Kentucky (the "Issuer"), BHB Tires, Inc., a Kentucky corporation (the "Borrower") and Charles Binder, an individual, Larry Hughes, an individual, and Rick Brown, an individual (together the "Guarantors").

WHEREAS the Purchaser has agreed to purchase the Bonds; the Issuer has agreed to issue the Bonds pursuant to a Trust Indenture (the "Indenture") of even date herewith between the Issuer and First National Bank of Louisville, as Trustee, and the Issuer has further agreed to loan the proceeds of the Bonds to the Borrower pursuant to the terms of a Mortgage, Loan and Security Agreement (the "Loan Agreement") of even date herewith to defray the costs of improving the facility on the premises located at Sunset Boulevard, U.S. Highway 27, South (the "Property") in the County and acquiring and installing equipment and machinery therein for use as an industrial building for manufacturing purposes (the "Project"); and the Borrower has agreed to make repayments of

EXHIBIT C

such loan to the Trustee for the account of the Issuer in the amounts and on such dates as are necessary so that the Trustee can cause the principal of and interest on the Bonds to be paid when due; and each Guarantor has guaranteed to the Trustee payment of the principal of and interest on the Bonds when due;

NOW, THEREFORE, in consideration of the sale and purchase of the Bonds and the mutual commitments of the parties in connection with the issuance of the Bonds, the parties hereto REPRESENT, WARRANT, COVENANT and AGREE as follows:

1. The capitalized terms in this Agreement shall have the meanings as defined in the Loan Agreement and the Indenture.

2. The Issuer, each Guarantor and the Borrower agree that all representations, warranties and covenants made by them herein, in the Loan Agreement, the Indenture, the Guaranty Agreement, and the certificates or other instruments delivered pursuant thereto or in connection therewith, or in connection with the issuance, sale and purchase of the Bonds, are true and correct on the date hereof, shall be deemed to have been relied upon by the Purchaser in connection with its purchase of the Bond notwithstanding any investigation heretofore or hereafter made by the Purchaser on its behalf, and that all representations, warranties and convenants made by the Issuer, each Guarantor and the Borrower herein and therein and all of the Purchaser's rights hereunder and thereunder shall survive the delivery of the Bonds.

3. The Purchaser represents and warrants that:

a) The Purchaser is purchasing the entire principal amount of the bonds for its own account for investment and with no present intention of selling, distributing, transferring or reoffering the Bonds but without prejudice to the Purchaser's right to sell the Bonds with registration under the Securities Act of 1933 or exemption therefrom.

b) The Indenture, Loan Agreement, Note, Guaranty Agreement and Bonds have been reviewed and approved by the Purchaser and contain the terms agreed to by the Purchaser and the Purchaser will send to the Trustee and the Borrower on the first day of January, April, July and October in each year for the term of the Bond and the Note, an amortization schedule showing the then outstanding balance of the principal of the Bond and Note and the three succeeding monthly installments of principal of and interest on the Bond and Note.

c) The Purchaser acknowledges that the Bonds are not being registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Indenture is not being qualified under the Trust Indenture Act of 1939

since (i) the Bonds are intended to be "exempt securities" under Section 3(a)(2) of said 1933 Act and under Section 304(a)(4) of said 1939 Act, and (ii) the sale of the Bonds is intended as a bona fide private placement not involving any public offering under Section 4(2) of said 1933 Act. The Purchaser understands that the reliance of the Issuer on such exemption from the registration or qualification under the Act is predicated in part upon the representation and statement of non-distributive intent made herein.

d) The Purchaser has made its own inquiry of and has had discussions with representatives of the Borrower and the Guarantors as to the material factors effecting the credit standing of the Borrower and the Guarantors, the security for the Bonds, and the ability of the Borrower to pay such Bonds. The Purchaser has based its decision to purchase the Bonds upon the representations of such representatives.

e) The Purchaser acknowledges that no representations whatsoever have been made by the Issuer, Bond Counsel, or Trustee, in connection with the issuance of the Bonds or the financial

condition or business prospects of the Borrower or of the Guarantors, or other security in connection with the repayment of the Bonds.

f) The Purchaser is not now and never has been controlled by, or under common control with, the Borrower or any of the Guarantors and neither the Borrower nor any of the Guarantors now or ever has been controlled by the Purchaser.

4. The Issuer hereby represents and warrants that:

a) The Issuer is a political subdivision of the Commonwealth of Kentucky, is duly organized and existing under the laws of the Commonwealth of Kentucky, and has the power and authority under the Industrial Buildings for Cities and Counties Act, KRS 103.200 to 103.285, as amended (the "Act"), to issue the Bonds for the purposes described in the Indenture, to loan the proceeds to the Borrower as provided in the Loan Agreement, and to consummate the transactions contemplated by the Indenture, the Loan Agreement, the Note and the Bonds.

b) The Bonds have been duly authorized by the

Issuer upon the terms set forth in Bond Ordinance No. _____ - Series 1982, approved March 25, 1982 and the Indenture. On or before the date hereof, the Bonds were duly executed in the name and on behalf of the Issuer by the manual signature of the County Judge/Executive, John Garner, with the duly authorized official corporate seal of the Issuer affixed thereto, and attested by the manual signature of the Fiscal Court Clerk, Willard Hansford. The Bonds are valid and binding special obligations of the Issuer of the character referred to in the Act and the Indenture, entitled to the benefit and security of the Indenture and enforceable in accordance with their terms and the terms of the Indenture.

c) The executed copies of the Loan Agreement, this Agreement and the Indenture and the certified copies of the Bond Ordinance authorizing the issuance of the Bonds and of the Note delivered to the other parties today are true, correct and complete copies of such documents and have not been modified, amended or rescinded but remain in full force and effect as of the date hereof.

d) The Indenture, the Loan Agreement, the Bonds, the endorsement of the Note, this Agreement and any and all other agreements and documents required to be executed and delivered or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated by, the Indenture and the Laon Agreement and the issuance and sale of the Bonds have each been duly authorized, executed and delivered by the Issuer, and all approvals necessary in connection with the foregoing have been obtained, and the representations, warranties, statements and information of the Issuer contained in the aforesaid documents are true, correct and complete in all material respects. As of the date hereof, each of the aforesaid documents is in full force and effect, and substantially all right, title and interest inuring to the Issuer under the Loan Agreement and the Note, has been duly pledged, and the loan payments thereunder assigned, to the Trustee under the Indenture for the benefit of the Bondholders.

e) No litigation is pending or is threatened to restrain or enjoin the issuance or sale of the Bonds which would adversely affect the exemption from Federal or Kentucky income tax of

the interest on the Bonds, or in any way contesting the validity of, or affecting the authority for, or the authorization, execution or performance of, the Bonds, the Bond Ordinance, this Agreement, the Indenture or the Loan Agreement or the right of the Issuer to lend money in connection with the Project; neither the corporate existence of the Issuer, nor the title of any officer of the Issuer to its respective office is being contested; none of the proceedings or authorizaticns heretofore given for the issuance of said Bonds, or for the payment or security thereof, has been repealed, rescinded or superseded.

f) The execution and delivery by the Issuer of the Bonds, the Loan Agreement, this Agreement, the Indenture, the endorsement of the Note, and any other documents contemplated thereby, and in compliance with the provisions thereof, does not conflict with, or constitute on the part of the Issuer a breach or a default under, any existing law, court or administrative regulation, decree, order, agreement, indenture, mortgage, lease or other instrument by which the Issuer is bound or to which the Issuer is a party.

g) The following named individuals whose signatures appear on the original counterparts or certified copies of one or more of the following documents, namely on the Bond Ordinance, Indenture, Loan Agreement, Bonds, this Agreement and other documents delivered by the Issuer at the closing, were at the time such documents were executed and are now the duly elected or appointed and qualified incumbents in the office of the Issuer indicated after his or her name and the signature set forth above his or her name on said documents in his or her genuine signature:

NAME	OFFICE
John Garner	County Judge/Executive
Willard Hansford	Fiscal Court Clerk

h) The officers named below have been during the calendar year 1982, and are as of the date hereof, duly elected members of the Fiscal Court of the County of Pulaski, Kentucky:

John Garner, County Judge/Executive

Phillip McClendon

Louis Floyd

Willard Phelps

Allen Meese

James Jones

i) The seal which is impressed below on this Agreement is the duly adopted and only official seal of the Issuer.

j) The Bonds do not constitute an indebtedness of the Issuer within the meaning of the Constitution of the Commonwealth of Kentucky.

5. The Borrower hereby represents and warrants that:

a) The Borrower is a Corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky.

b) The Borrower has all licenses, permits and other governmental approvals required to own, occupy, operate, and maintain the Project (except for such licenses, permits, and other governmental approvals as cannot be practicably obtained prior to Closing), is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project, and has full right, power and authority to execute this Agreement, the Loan Agreement, and the Note, to approve the Bonds and the Indenture, and to perform other acts and things as provided for in this Agreement, the Indenture, the Loan Agreement, and the Note.

c) The execution and delivery by the Borrower of this Agreement, the Loan Agreement, and the Note and the approval by the Borrower of the Bonds and the Indenture, and compliance with the provisions thereof, do not conflict with or result in the breach of any of the terms, conditions, or provisions of, or constitute a default under, the Articles of Incorporation or By-Laws of the Borrower or any existing law, court or administration regulation, decree or order, or any agreement, indenture, mortgage, lease or other instrument to which the Borrower is a party or by which the Borrower is bound.

d) The Borrower has duly authorized by resolution all necessary action to be taken by its President, Charles Binder, or its Vice President, Larry Hughes, and its other officers, on its behalf, for the execution and delivery of this Agreement, the Loan Agreement, and the Note, and any and all such other agreements and documents as may be required to be executed, delivered, or received by the Borrower in order to carry out, effectuate, and consummate the transactions contemplated by this Agreement, the Loan Agreement, the Note and the Indenture. All authorizing actions, consents and

approvals of governmental agencies required in connection with the execution and delivery of this Agreement, the Loan Agreement and the Note have been obtained, and this Agreement, the Loan Agreement and the Note are valid and binding obligations of the Borrower enforceable in accordance with their respective terms.

e) All liens, encumbrances, covenants, conditions, and restrictions, if any, which constitute Permitted Encumbrances (as defined in the Loan Agreement) do not interfere with or impair the operation of, or materially adversely affect the value of, the Project or the Property.

f) The Borrower does not have any material direct or contingent obligations nor any material contractual agreements other than in the ordinary course of business which have not been disclosed in the financial material material submitted to the Purchaser. No material or adverse change has occurred in the financial position or the operations of the Borrower since the Borrower provided its most recent financial statement to the Purchaser, nor has any event occurred since said date

which should be disclosed or is necessary to disclose in order to make the financial statement not misleading in any material respect. No document, certificate or written statement furnished to the Issuer for the Purchaser by or on behalf of the Borrower contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they were made, not misleading or incomplete.

g) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any Court or public board or body pending or, to the knowledge of the Borrower, threatened against of affecting the Borrower (or, to the knowledge of the Borrower, any meritorious basis therefor) wherein an unfavorable decision, ruling, or finding would have a material adverse effect on the financial condition of the Borrower, the operations of the Borrower or the Project, or the transactions contemplated by the Loan Agreement and Indenture; or would have an adverse effect on the validity or enforceability of the Bonds,

the Indenture, this Agreement, the Loan Agreement, and the Note or any other agreement or instrument by which the Borrower is bound; or would in any way contest the existence or powers of the Borrower.

h) The Borrower has not made any commitment or taken any action which will result in a claim for any finder's fee or brokerage fee or similar fees in respect to the acquisition and renovations of the Project. The Borrower agrees to defend and save harmless the Issuer, the Purchaser, the Trustee and all Bondholders from all claims by any person for any such fees and from all costs, fees and disbursements and reasonable counsel fees incurred in defending any such claim.

i) Neither the Borrower, nor anyone acting on its behalf, nor, to the best knowledge of the Borrower, the Issuer has directly or indirectly offered the Bonds, or any part thereof, or any similar security, for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, anyone other than the Purchaser.

j) The Borrower has obtained all insurance policies required by Section 6.5 of the Loan Agreement and all policies required by said Section are in full force and effect. The Borrower will obtain additional insurance as required by Section 6.5 of the Loan Agreement to cover any portion of the Project not yet acquired and the additional insurance will be obtained and will be in full force and effect by the time such portion of the Project is in place. All policies, and the insurance evidenced thereby, comply with or will comply with or satisfy all the requirements of said Loan Agreement.

k) The following named individuals whose signature appear on this Agreement, the Loan Agreement, the Note and other documents delivered at Closing are the duly elected officers of Borrower holding the offices indicated after his name below and the signature set forth above his name on such documents is his genuine signature:

NAME	OFFICE
Charles Binder	President
Larry Hughes	Vice President
Rick Brown	Secretary/ Treasurer

6. The Borrower and each Guarantor each agree that they will provide to the Purchasers upon request true, accurate, and complete information as to the financial condition and experience of the Borrower, business prospects of the Borrower, status of security for the Bonds, and any other information which the Purchaser or any future Bondholder may reasonably request if the Purchaser or any future Bondholder should ever decide to sell the Bonds. Such information shall be sufficient to disclose fully to any potential future buyer of the Bonds all relevant and material information necessary or useful to the sale of the Bonds and to the negotiation or qualification of the Bonds, the Indenture or any relevant documents under any applicable securities law.

7. The Borrower and each Guarantor each hereby grants to the Trustee and to the Purchaser and to each subsequent Bondholder a lien and right to set-off for all of the Borrower's and each Guarantor's liabilities under the Loan Agreement, the Note, this Agreement, the Indenture, the Bonds, and the Guarantee Agreement against all the deposits, credits and property of the Borrower or any Guarantor and any collateral of the Borrower or any Guarantor now or hereafter in the possession, under the control or in transit to the Trustee or the Purchaser or any subsequent Bondholder, and including the proceeds of the Bonds, except that in the case of the Trustee, such collateral and right of set-off shall be limited to all monies, securities and other properties held by the Trustee pursuant to the Indenture, and agree that the same may be applied against such liability at any time after an

event of default under the Loan Agreement has occurred.

8. It is specifically understood and agreed that the Issuer makes no representation as to the financial position or business conditions of the Borrower or any Guarantor and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by the Borrower or any Guarantor in connection with the sale of the Bonds or as to the correctness, completeness or accuracy of any such statments, materials, representations, or certificates.

9. The Borrower and each Guarantor each jointly and severally agrees to indemnify and hold harmless the Issuer, any member, officer, official or employee of the Issuer, or of the Commonwealth of Kentucky, the Purchaser and any person who "controls" the Purchaser within the meaning of Section 15 of the Securities Act of 1933, as amended, (collectively called the "Indemnified Parties") against any and all losses, claims, damages, or liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in information submitted to the Issuer or to the Purchaser by it with respect to the issuance and purchase of the Bonds or caused by any omission or alleged omission of any material fact necessary to be stated therein in order to make such statements to the Issuer and the Purchaser not misleading or incomplete.

10. In case any action shall be brought against one or

more of the Indemnified Parties based upon any of the above, and in respect of which, indemnity may be sought against the Borrower or any Guarantor, such Indemnified Party shall promptly notify the Borrower or the Guarantor in writing, enclosing a copy of all papers served, but the omission so to notify the Borrower or the Guarantor of any such action shall not relieve it of any liability which it may have to any Indemnified Party otherwise than under the preceding paragraph. In case any such action shall be brought against any Indemnified Party and it shall notify the Borrower or any Guarantor of the commencement thereof, the Borrower or the Guarantor shall be entitled to participate in and, to the extent that it shall wish, to assume the defense thereof with counsel satisfactory to such Indemnified Party. If the Borrower or the Guarantor assumes the defense of such action, the Indemnified Party shall have the right to employ its own counsel in any action, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the employment of counsel by such Indemnified Party has been authorized by the Borrower or any Guarantor, (ii) the Indemnified Party shall have reasonably concluded that there may be a conflict of interest between the Borrower or any Guarantor and the Indemnified Party in the conduct of the defense of such action (in which case the Borrower or any Guarantor shall not have the right to direct the defense of such action on behalf of the Indemnified Party) or (iii) the Borrower or any Guarantor shall not in fact have employed counsel satisfactory to the Indemnified Party to assume the defense of such action. The Borrower or any Guarantor shall not be liable for any

settlement of any action or claim effected without its consent, which consent shall not be withheld unreasonably.

11. If, at any time and for any reason whatsoever, an Adjudication of Invalidity shall have been made, the Borrower and each Guarantor, jointly and severally, hereby agrees to indemnify and save the Purchaser and any future holders of the Bonds harmless from the consequences of such an event by purchasing the outstanding Bonds of all requesting Bondholders, at a price equal to the principal amount thereof plus interest accrued thereon to the date of the purchase. Such purchases will be made promptly after receipt by the Borrower or any Guarantor of written requests from the Bondholders. The Borrower or any Guarantor shall be obligated to make such purchases without the necessity of any showings or proofs on the part of any requesting Bondholder that they have suffered any losses or damages (such losses and damages being conclusively presumed upon the occurrence of an Adjudication of Invalidity). The term "Adjudication of Invalidity" shall mean either (i) a final, unappealable adjudication by the Supreme Court of the Commonwealth of Kentucky or by any other Court of competent jurisdiction, binding upon the Borrower or the Issuer, or if not binding upon the Borrower or the Issuer, applicable to the Bonds in the opinion of recognized bond counsel satisfactory to the Trustee, that, under the Constitution or general laws of the Commonwealth of Kentucky, the Issuer lacks authority to do any one or more of the following: (a) issue the Bonds, (b) enter into an indenture, or (c) enter into a loan agreement, or (ii) a final,

unappealable adjudication by any such Court that the Bonds are otherwise invalid for any other reason whatsoever, including, without limitation, any invalidity or irregularity in any statutory or other proceedings relating to the formation or existence of the Issuer, to the issuance of the Bonds or to the execution and delivery of the Indenture, or the Loan Agreement. In the event of an Adjudication of Invalidity and in addition to the foregoing, the Borrower and each Guarantor, jointly and severally, hereby agrees to pay and to indemnify and save the Trustee and the Purchaser and future holders of the Bonds harmless from and against all other damage, loss, cost or expense (including reasonable attorney's fees) which the Trustee or any such purchaser or holder may incur or be subject to as a consequence, direct or indirect, of (i) any breach by the Borrower or any Guarantor or the Issuer of any warranty, covenant, term or condition in, or the occurrence of any default under, this Agreement, the Indenture, the Loan Agreement or the Bonds, together with all reasonable expenses resulting from the compromise or defense of any claims or liabilities arising as a result of any such breach or default, and (2) any legal action commenced to challenge the validity of the above referred to agreements.

12. All counsel and other fees and expenses in connection with the preparation, issuance, delivery, recording and (if and where needed) filing of the Bonds, the Indenture, this Agreement, the Loan Agreement and any financing statement or notice with resepct thereto and all documents, reports, appraisals, sur-

veys, and other requirements of the Purchasers, and in connection with the preparation, issuance and delivery of the Bonds, and all documentation related thereto, shall be paid by the Borrower.

13. This Agreement shall be construed and enforceable in accordance with the laws of the Commonwealth of Kentucky, and shall inure to the benefit of, and be binding upon, heirs, executors, legal representatives, successors and assigns of the Purchaser, including any future Bondholder, the Issuer, the Borrower and each Guarantor.

IN WITNESS WHEREOF, the undersigned have executed this Agreement and have caused their respective seals to be impressed hereon, as of the date first above written.

ATTEST:

_____
(SEAL)

Title: _____

PURCHASER:

LONDON BANK AND TRUST COMPANY

By: _____

Title: _____

ATTEST:

_____
WILLARD HANSFORD
FISCAL COURT CLERK
(SEAL)

ISSUER:

COUNTY OF PULASKI, KENTUCKY

By: _____
JOHN GARNER,
COUNTY JUDGE/EXECUTIVE

By: _____
WILLARD HANSFORD,
FISCAL COURT CLERK

G032082III

ATTEST:

BORROWER:

BHB TIRES, INC.

_____

By: _____
CHARLES BINDER, PRESIDENT

Title: _____

WITNESS:

GUARANTOR:

CHARLES BINDER

_____

By: _____
CHARLES BINDER

WITNESS:

GUARANTOR:

LARRY HUGHES

_____

By: _____
LARRY HUGHES

WITNESS:

GUARANTOR:

RICK BROWN

_____

By: _____
RICK BROWN

J032082EEE

MORTGAGE NOTE

$210,000.00

London, Kentucky

March 29, 1982

FOR VALUE RECEIVED, the undersigned (hereafter "Maker") promises to pay to the order of the County of Pulaski, Kentucky (hereafter "Holder") and its successors and assigns the principal sum of TWO HUNDRED TEN THOUSAND DOLLARS ($210,000.00), together with interest on the unpaid principal balance of this Note from date until paid at a rate of 70% of the Bank's prime rate of interest as hereafter defined, provided however, such interest rate shall not be less than 13-1/2% per annum. The principal of and interest on this note shall be paid in 120 consecutive monthly installments. All interest accrued to the date of a principal installment shall be paid simultaneously with such principal installment. The interest rate as of the date hereof is 13-1/2% per annum. The interest rate shall be adjusted quarterly, determined and effective on the first day of January, April, July and October in each year (the "Adjustment Date") and if such Adjustment Date is a non business day, the determination of the interest rate shall be made on the next preceding business day to be effective on the Adjustment Date. On each Adjustment Date, the amount of the installment due for the succeeding three months will be computed by determining the monthly payment required to amortize a loan in the amount of the then outstanding principal balance for a term equal to the balance of the 120 months remaining at the time of the computation. London Bank and Trust Company shall send to the Trustee and

EXHIBIT D

to the Maker on each Adjustment Date an amortization schedule showing the outstanding principal balance of this Note and the three succeeding monthly installments of principal of and interest on this Note. The first of said monthly installments, in an amount of $3,197.76, is due and payable on April 1, 1982, with subsequent installments being due and payable on the first day of each month thereafter, as herein provided.

As used in this Note, the term "the Bank's prime rate of interest" shall mean at any time the interest rate per annum most recently designated and announced from time to time by London Bank and Trust Company as its "Prime Rate" in effect at its principal office on the first day of the months provided above. Each installment shall be applied first to the payment of interest on the unpaid principal of this Note and the balance on account of the principal of this Note. All payments hereunder shall be payable in lawful money of the United States which shall be legal tender for public and private debts. Interest shall be computed on a 365-day year. All payments hereunder shall be made directly to First National Bank of Louisville, Trustee under the Indenture described below, c/o Corporate Trust Department, P.O. Box 36000, Louisville, Kentucky 40233, or to such account or such Bondholder as the Trustee shall designate in writing to the Maker.

This Note has been executed under and pursuant to a Mortgage, Loan and Security Agreement, dated as of the date of this Note between Holder and Maker (hereafter the "Loan Agreement"). This Note evidences the obligation of Maker to repay the loan made by

Holder to Maker from the proceeds of Holder's $210,000.00 Economic Development Revenue Bonds (BHB Tires, Inc. Project-1982 Series) dated the date of this Note (hereafter the "Bonds"), together with interest thereon and all other amounts, fees, penalties, premiums, adjustments, expenses, counsel fees and other payments of any kind required to be made by Maker under the Loan Agreement, a certain Trust Indenture dated as of the date of this Note (hereafter the "Indenture") from Holder to First National Bank of Louisville, as Trustee, pursuant to which the Bonds were issued. The principal and interest payments for the Bonds and this Note are identical. Voluntary prepayments may be made after not less than sixty (60) days written notice to the Trustee and each Bondholder as provided in the Loan Agreement and the Indenture. The Bonds and this Note are further subject to mandatory prepayment in certain circumstances as provided in the Loan Agreement and the Indenture. All prepayments shall be credited to the unpaid principal installments due on this Note in the inverse order of their maturity and shall not affect the Maker's obligation to pay the regular installments required hereunder until the entire indebtedness has been paid. The Note and the Loan Agreement have been endorsed or assigned to said Trustee pursuant to the Indenture to secure payment of the Bonds. In the event of a default on the Note, the Loan Agreement, or the Indenture, the entire unpaid principal balance and any accrued interest on this Note may be declared immediately due and payable.

In the event of a Determination of Taxability, as defined in

the Indenture, the Bonds and this Note shall bear interest from the Tax Incidence Date at a rate and in the manner specifically set forth in Section 203(C) of the Indenture.

In the event any payment on this Note is not paid when due, the Holder shall have the right to charge a penalty interest rate as provided in the Loan Agreement, on such payment until made.

The Maker hereby grants to the Trustee, to any holders of this Note and to any holder of any of the Bonds, a lien and right of set-off for all the Maker's liabilities under the Loan Agreement or this Note against all the deposits, credits and property of the Maker and any collateral of the Maker now or hereafter in the possession, under the control or in transit to the Trustee and any holder of this Note and any holder of any of the Bonds, except that in the case of the Trustee such collateral and right of set-off shall be limited to all moneys, securities and other properties held by the Trustee pursuant to the Indenture, and agrees that the same may be applied against such liability at any time after an event of default under the Loan Agreement, the Note or the Indenture has occurred.

Each and every maker, endorser, guarantor, and surety of this Note and all others who may become liable for the payment of all or any part of this obligation do hereby waive demand, presentment for payment, protest, notice of protest, and notice of nonpayment of this Note, and do hereby consent to any number of renewals or

extensions of the time of payment hereof and of the time for advances under the Loan Agreement, and agree that any such renewals or extensions may be made without notice to any of said parties and without affecting their liability hereon and further consent to the release of any part or parts of all of the security for the payment hereof and to the release of any party or parties liable hereon, all without affecting the liability of the other person, firms, or corporations liable for the payment of this Note.

All of the provisions hereof shall be binding upon and inure to the benefit of Maker and Holder and their respective personal representatives, successors and assigns.

This Note shall be construed according to the laws of the Commonwealth of Kentucky.

BHB TIRES, INC.

By _____
Charles Binder
President

ENDORSEMENT

Pay to the order of First National Bank of Louisville, Louisville, Kentucky, as Trustee under the Trust Indenture dated as of March ___, 1982, without recourse from the undersigned.

County of Pulaski, Kentucky

By _____
John Garner,
County Judge Executive