

[FORM 48.00]
[COLLATERAL PROTECTION AND SET-ASIDE AGREEMENT]

THIS AGREEMENT is made and entered into this _____ day of _____, 20____ by and between _____ hereinafter referred to as "LENDER" and _____ hereinafter referred to as "BORROWER" and individually and collectively referred to as "GUARANTOR".

BORROWER is indebted to LENDER (which indebtedness is, and will continue to be, unconditionally guaranteed by GUARANTOR) for the following:

A floor plan loan dated _____, _____ having an outstanding principal balance of \$ _____ ("FLOOR PLAN LOAN").

A Term Loan to GUARANTOR dated _____, _____ having an outstanding principal balance of \$ _____ ("TERM LOAN"); and

A contingent liability to LENDER for retail installment contracts ("DEALER PAPER") purchased by LENDER in an aggregate contingent liability amount estimated to be \$ _____.

By letter dated _____, _____, LENDER notified BORROWER and GUARANTOR of a serious out of trust position relating to BORROWER'S FLOOR PLAN LOAN. At meetings with LENDER held _____, and _____, BORROWER and a GUARANTOR admitted that vehicle units for which LENDER had advanced funds had been sold by BORROWER, and for which vehicle units, BORROWER has not paid LENDER; but that BORROWER believed the number of units sold and unpaid was lower than that of LENDER'S inventory records. In addition, BORROWER and GUARANTOR represented to LENDER that GUARANTOR was ready and willing to market some of his assets and take the proceeds and pay BORROWER'S liabilities.

LENDER demanded of BORROWER and GUARANTOR full payment of BORROWER'S indebtedness to LENDER or alternatively, protection of LENDER'S collateral by the placement of on-site LENDER representatives on BORROWER'S premises as outlined in the letter dated _____ 20____. BORROWER requested from LENDER the right to use the proceeds of the floored vehicles sales for which

Collateral Protection and Set-Aside Agreement

LENDER has not been paid, to fund BORROWER'S operating expenses, or alternatively, a capital loan.

From the meetings and discussions of _____ and _____, 20____, the parties agreed, subject to the terms and conditions hereof, to allow BORROWER additional time to seek refinancing and/or the sale of BORROWER'S and GUARANTOR'S assets to pay the LENDER. In addition, the parties agreed to allow LENDER to place on-site representatives upon BORROWER'S premises, but to only control the collateral; and LENDER would extend to BORROWER a capital loan, but under no circumstances, could BORROWER use the proceeds by selling vehicles out of trust for its operating expenses or any other payment or expense.

In consideration of the mutual covenants herein, the parties have agreed as follows:

LENDER hereby agrees to make available to BORROWER an additional credit line loan of not to exceed \$_____ to fund BORROWER'S reasonable operating expenses ("CAPITAL LOAN") BORROWER has represented and warranted to LENDER that such funds as represented by CAPITAL LOAN are necessary for BORROWER to continue business and that no other funds will be necessary.

CAPITAL LOAN may be drawn upon by BORROWER from time to time as BORROWER requires to meet expenses and shall be evidenced by a promissory note, a copy of which is attached hereto and marked Exhibit A. Advances under CAPITAL LOAN shall be made into BORROWER'S operating account with LENDER, as set forth in Paragraph 2 below.

LENDER shall not be obligated to make any advance hereunder unless BORROWER and GUARANTOR are not in default of any provision of Agreement, the Security Agreements and/or any other instrument or document executed in connection therewith or herewith and to the extent that prior agreements are not modified by this Collateral Protection, Loan and Set Aside Agreement.

Account number _____ has been designated by LENDER and BORROWER as BORROWER'S operating account. BORROWER agrees and warrants that it will not and has not opened any other accounts for deposits of receipts by BORROWER, except as such an account may be required to facilitate the handling of credit card deposits, such as Master-Card and/or Visa, at _____ LENDER. BORROWER hereby assigns and pledges such operating account to the payment of its

indebtedness to LENDER now owing or hereafter arising, whether direct or indirect, and however arising.

BORROWER hereby agrees to deliver to LENDER for deposit all proceeds of each sale of whatever nature, including, the proceeds from the sale of each vehicle for which LENDER has advanced funds under FLOORPLAN LOAN with BORROWER. Accompanying each such deposit shall be a check drawn by BORROWER in an amount equal to the principal advanced for each such vehicle less curtailments already paid to reduce FLOOR PLAN LOAN. Receipts of all other cash and all other payments of any kind shall be deposited immediately into BORROWER'S operating account. For purposes of this Paragraph 3, BORROWER hereby appoints LENDER as its agent with full power of attorney to execute on BORROWER'S behalf any and all motor vehicles owned by BORROWER; including, but not limited to: the submission of insurance claims for loss, theft or damage to any motor vehicle; the execution of any MSO or title to a purchaser of any such vehicle; and the endorsement of any check or draft in payment of any such vehicle.

From time to time and at any time in the LENDER'S discretion, the LENDER may floor a new or used vehicles not floored. New vehicles floored, if any, shall be floored at a rate and amount in accordance with Section _____ of Loan Agreement between LENDER and BORROWER. Used vehicles, if any, shall hereafter be floored at the lower of cost or 85% of the N.A.D.A. wholesale value and payments from such advances shall be applied as follows: (i) payment first to all existing lien holders of each vehicle so floored; (ii) remaining sums after payment of lien holders, shall be deposited in BORROWER'S operating account. No vehicle shall be floored hereunder without a clear title and Power of Attorney from the seller of the vehicle

The parties agree that BORROWER has sold vehicles for which LENDER has made advances under its FLOOR PLAN LOAN and for which vehicles, LENDER has not been paid. After a physical inventory and reconciliation, the parties agree that certain units are sold out of trust, having an aggregate value of \$_____ ("Set Aside Amount"). Except as hereafter provided, LENDER and BORROWER agree that repayment of the principal sum (not the interest) of Set Aside Amount shall be deferred to the earlier of the term of Agreement or upon a default by BORROWER of any of the provisions hereof, whichever occurs first. In the event, payments for out of trust vehicles are received after the date hereof, such shall be applied to the payment of principal to reduce Set Aside amount.

Collateral Protection and Set-Aside Agreement

BORROWER agrees that LENDER may place upon BORROWER'S premises its on-site representatives ("Keepers"). The purpose of Keepers is for the monitoring and protection of LENDER'S collateral and its proceeds. LENDER warrants and represents that the number of Keepers on the premises at any one time (not including visits from Keepers' supervisors) shall not exceed three; and that subject to the provisions hereof, and Keepers instruction book, of which BORROWER acknowledges having received a copy, Keepers shall not interfere with the control or operation of BORROWER'S business. Keepers are hereby granted the right to do any and all of the following

Keep, secure and maintain the keys for all vehicles for which LENDER does not have in its possession a MSO/Title and/or, a lien release from all other lien holders.

Maintain and control all of the MSO's/titles to all motor vehicles which secure BORROWER'S indebtedness to LENDER, in good funds, of the floor planned amount, if any, for such vehicles; or to release the same upon deposit by BORROWER of the sale proceeds of non-floor planned vehicles into BORROWER'S operating account and/or to release the same upon a LENDER verifiable approved DEALER PAPER assignment.

To follow adequately the proceeds from the sale of collateral, including but not limited to, the right to examine all of BORROWER'S records. Such examinations shall include, but not be limited to, the right to see records of sales and receipts. In addition, Keepers shall be permitted to ask questions and receive answers from any employee of BORROWER relating to the collateral or its proceeds, chattel paper financing, and the like; to attend meetings related to collateral, chattel paper financing; to hold the proceeds of the sale of collateral and/or chattel paper; to release in constructive trust to BORROWER the proceeds for deposit and/or for the assignment of chattel paper; to take physical inventories of the collateral and reconcile LENDER'S records against that of BORROWER.

To take all other reasonable action for the protection of LENDER collateral including, but not limited to, the placement of security guards on the premises as is reasonably necessary.

BORROWER agrees that it will deliver any remaining MSO's/Titles or other evidence of title to vehicles in its possession, or hereafter acquired, to LENDER'S Keeper forthwith upon receipt of same. For those vehicles for which a MSO/title cannot be

Collateral Protection and Set-Aside Agreement

produced by BORROWER, BORROWER agrees that the LENDER may lock and secure such vehicle until such time as the title is in the possession of Keeper.

If, upon the expiration of _____ business days, after the delivery of each new or used vehicle to BORROWER'S customer, Keepers are not satisfied that payment for such vehicle is forthcoming to BORROWER, such vehicle, upon demand by any Keeper, shall be repossessed by BORROWER and/or LENDER after notice to BORROWER, at BORROWER'S cost and expense and returned immediately to the custody of Keeper.

BORROWER agrees that Set Aside amount shall not include missing but unsold vehicles. On or before the close of business _____, 20____, BORROWER agrees that it shall produce such missing vehicles and/or pay for same. Hereafter, BORROWER shall within _____ hours after notice, return subsequent missing vehicles to Keeper and/or pay LENDER for the missing units.

BORROWER agrees to obtain or repossess at its expense (or allow LENDER, after notice to repossess at BORROWER'S expense), all demonstrator vehicles to be returned to the custody of Keepers no later than __.M., _____, 20____. The Floor Planned amount of any missing units shall be added to Set Aside amount until such time the missing unit is repossessed and returned to Keepers. Hereafter, no demonstrator vehicle may be issued by BORROWER to any person without the express written consent of LENDER which consent shall not be unreasonably withheld.

To secure the repayment of all indebtedness of BORROWER and GUARANTOR to LENDER, and in addition to the security interests in property presently held by LENDER, BORROWER and GUARANTOR hereby agree to deliver and to pledge the following:

An assignment and pledge of all of the issued and outstanding stock of BORROWER;

An assignment and pledge of all of _____'s interest in a partnership known as "_____ Partnership", a _____ general partnership;

An assignment and pledge of all issued and outstanding stock held by _____ and _____ of _____;

Collateral Protection and Set-Aside Agreement

An assignment and pledge of GUARANTOR'S portion of any note or payment due to be received by them arising from the sale of any automobile dealership in which they may have an interest;

An assignment and pledge of the proceeds from the sale of the _____ portion of _____; and

A pledge of the equipment and office furniture of _____.

BORROWER and GUARANTOR acknowledge and agree that this agreement affords BORROWER additional time in which to seek a refinancing of BORROWER'S indebtedness to LENDER and/or the pursuit of sale of BORROWER'S assets. BORROWER and GUARANTOR further acknowledge and agree that this agreement is entered into with the reliance by the LENDER that the principal shareholder of BORROWER, _____, will liquidate some or all of his holdings to repay a portion or all of BORROWER'S indebtedness. Therefore, in consideration of the benefit to be derived by BORROWER from _____, BORROWER hereby agrees to guarantee all indebtedness of _____, _____, and _____, to LENDER by the execution of a continuing guarantee agreement in a form satisfactory to LENDER.

In addition to the covenants contained in Section ____, of Loan Agreement, BORROWER agrees that during the term hereof, it will:

Pay as they become due, all interest, principal and other payments required under Agreement, the notes and Loan Agreement (inasmuch as they are not inconsistent herewith) and any extensions thereof; and,

Pay promptly all taxes and fees of any governmental agency, as they become due, and when required, allow LENDER to verify such payments; and,

Deliver or cause to be delivered all MSO's/Titles directly to LENDER and/or Keepers; and

Deliver or cause to be delivered all chattel paper for the sale of collateral to possession of LENDER and/or Keepers; and

Collateral Protection and Set-Aside Agreement

Execute or cause to be executed, any instrument or document, upon request, necessary for the protection of LENDER'S collateral and/or the evidencing of any indebtedness hereunder or under Loan Agreement; and

Deliver or cause to be delivered at its own expense, all demonstrator vehicles to the custody of Keepers in accordance with Paragraph 10 hereof; and

Pay all costs associated with the protection of LENDER'S collateral under this Agreement. Accumulating costs to be discussed by the parties at weekly intervals when initiated by BORROWER; and

Diligently seek refinancing of all amounts owed to LENDER and/or seek the sale of BORROWER'S and GUARANTOR'S assets at a purchase price calculated to repay BORROWER'S indebtedness to LENDER; and

Deliver or cause to be immediately delivered to LENDER payment for all Floor Planned units sold upon receipt of payment from any source in accordance with Paragraphs 3 and 4 hereof. If requested by LENDER, cause to be delivered to LENDER a Waiver and Consent from BORROWER'S landlord(s) subordinating landlord's security interest in BORROWER'S personal property to that of LENDER.

BORROWER agrees that during the term of this Agreement it shall not:

Make payment or disbursement of other property (whether by loan, payment of salaries, loan repayment, expense repayment, or otherwise) to any affiliated company, officer, director, or shareholder including family members thereof of BORROWER, except reasonable salaries to family members that are officially employed by dealership; and

Make any payment to any creditor on behalf of any of BORROWER'S shareholders, directors, officers, or any family member thereof, or to any affiliated company of BORROWER; and

Do any act or cause or suffer to be done, any act, in contravention of Section _____ of Loan Agreement between BORROWER and LENDER.

Collateral Protection and Set-Aside Agreement

Default under any term of Agreement and/or any default in the loan agreement, Loan Agreement, the Notes, or any extensions thereof, shall, in addition to the rights thereunder and hereunder, give the LENDER the right to immediate possession of the collateral pursuant to _____.

BORROWER and GUARANTOR agree that due to interconnected loans of BORROWER'S companies, suit may be brought for replevin in the County of _____, State of _____.

In the event that despite the safeguards above-mentioned the collateral position of LENDER deteriorates further, then, in such event. BORROWER hereby agrees that LENDER may seek without notice to BORROWER, a court order requiring delivery of the collateral to the possession of LENDER forthwith.

The term of this Agreement shall be the earlier of _____, 20____ or default under this Agreement, the Notes, the Security Documents, whichever occurs first. Dated the year and date first written above.

By: _____
GUARANTOR:

By: _____

Individually

Individually