

BEFORE THE ARKANSAS SECURITIES COMMISSIONER ARKANSAS SECURITIES DEPT.

**IN THE MATTER OF
MICHEAL D. MUNSON**

Case No. S-11-0299

COMPLAINT

The Staff of the Arkansas Securities Department (“Staff”) hereby files institutes formal administrative proceedings against Micheal D. Munson, and in pursuance of its Complaint states the following:

AUTHORITY

1. This Complaint is filed pursuant to the Arkansas Securities Act (“Act”), codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509, the Rules of the Arkansas Securities Commissioner promulgated pursuant to the Act (“Rules”), and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201 through 25-25-219.

RESPONDENT

2. Micheal D. Munson (“Munson”), Individual CRD No. 2374215, is an Arkansas resident who was most recently registered with the Arkansas Securities Department (“Department”) as a broker-dealer agent and investment adviser representative employed by Brookstone Securities, Inc. (“Brookstone”), Firm CRD No. 13366. Munson was registered as a broker-dealer agent with Brookstone from November 27, 2006 to July 14, 2011, and as an investment adviser representative with Brookstone from October 25, 2010 to July 14, 2011.

FACTUAL ALLEGATIONS

Unauthorized Practice as an Investment Adviser Representative

3. Prior to his employment with Brookstone, Munson was registered with the Department as a broker-dealer agent and investment adviser representative with First Midwest Securities, Inc. ("First Midwest"), Firm CRD No. 21786. He was registered as a broker-dealer agent with First Midwest from March 19, 2002 to November 21, 2006, and as an investment adviser representative with First Midwest from October 4, 2006 to November 21, 2006. Munson's registration as an agent and representative with First Midwest was terminated on November 21, 2006, when he voluntarily left to become an employee of Brookstone.

4. When Munson was employed by Brookstone, he became registered with the Department on November 27, 2006, as an agent but not as a representative. Munson did not apply for registration as a representative until May 4, 2009. At that time, he was informed that he would be required to pass the Series 66 examination before his registration as a representative would be approved. Munson passed the Series 66 examination on August 4, 2010, and his registration as a representative was approved on October 25, 2010. However, from November 22, 2006 to October 25, 2010, Munson was not registered with the Department as an investment adviser representative in any capacity.

5. During the time he was not registered with the Department as an investment adviser representative, Munson entered into at least three contractual agreements with clients to provide investment advisory services.

6. The first such agreement was entitled "Agreement for Services" and entered into between C1 and C2, thereafter referred to as "Client", and Select Capital Partners, Inc., thereafter referred to as "Advisor." Select Capital Partners, Inc. is an Arkansas corporation through which

Munson sometimes conducts financial management and advisory services. In exchange for an annual fee of \$395.00, Munson agreed to provide Client with a variety of advisory services, including preparing and administering a personal financial plan with a detailed asset allocation analysis. The agreement was dated June 10, 2009, and signed by C1 and C2, and by Munson on behalf of Select Capital Partners, Inc. A redacted copy of the agreement has been attached hereto as Exhibit "A" and is incorporated herein by reference for all purposes.

7. The second such agreement was entitled "Agreement for Financial Services" and entered into between C3, thereafter referred to as "Client", and Micheal D. Munson Personal Financial Services, thereafter referred to as "Broker." Personal Financial Services is a trade name through which Munson sometimes provides financial management and advisory services. In exchange for an annual fee of \$495.00 and a service fee of \$125.00 per hour, Munson agreed to provide Client with a variety of advisory services, including preparing and administering a personal financial plan with a detailed asset allocation analysis and investment policy statement. The agreement was dated October 9, 2009, and signed by both C3 and Munson. A redacted copy of the agreement has been attached hereto as Exhibit "B" and is incorporated herein by reference for all purposes.

8. The third such agreement was entitled "Agreement for Services" and entered into between C4, thereafter referred to as "Client", and Micheal D. Munson, d.b.a. Personal Financial Services and Select Capital Partners, Inc., thereafter referred to as "Advisor." In exchange for an annual fee of \$495.00 and a service fee of \$125.00 per hour, Munson agreed to provide client with a variety of advisory services, including preparing and administering a personal financial plan with a detailed asset allocation analysis. The agreement was dated February 5, 2010, and

signed by both C4 and Munson. A redacted copy of the agreement has been attached hereto as Exhibit "C" and is incorporated herein by reference for all purposes.

Sale of Unregistered Securities

9. Freedom Bible College and Seminary, Concepts of Freedom Ministries, Inc. ("Freedom Bible College") issued a property bond dated May 10, 2006, in the principal amount of \$200,000.00 ("Freedom Bible College Bond"). The sole purchaser of the Freedom Bible College Bond was Freedom 105 Walnut Property Limited Partnership ("Freedom 105"), an Arkansas limited partnership. The terms of the bond provided that Freedom Bible College would make monthly interest payments to the bondholder equal to 10.75% of the outstanding principal balance, beginning on June 10, 2006 and continuing on the tenth day of each subsequent month until the stated maturity date of May 10, 2008, when all principal and accrued interest was to be repaid in full. A redacted copy of the Freedom Bible College Bond has been attached hereto as Exhibit "D" and is incorporated herein by reference for all purposes.

10. Freedom 105 was created in May 2006 as a holding entity for the purchasers of the Freedom Bible College Bond. The limited partnership consisted of one general partner and three limited partners. The three limited partners were the actual monetary investors in the bond. The general partner was DFM Bentonville, LLC ("DFM"), an Arkansas limited liability company for which Munson serves as registered agent and administrative member. DFM ostensibly was made a general partner to handle the financial end of the transaction by receiving interest and principal payments from Freedom Bible College and distributing them to the limited partners. Freedom 105 was officially dissolved as an entity on December 31, 2009.

11. Munson solicited the investors who purchased the Freedom Bible College Bond through Freedom 105. Munson sold a \$50,000.00 principal investment in the bond to F1, an

Arkansas resident for whom Munson served as a broker-dealer agent. Munson sold a \$100,000 principal investment in the bond to F2, a non-Arkansas resident for whom Munson served as a broker-dealer agent. F2 also was a member of DFM and was involved with Munson in other business investments and transactions. Munson further sold an \$18,000.00 principal investment in the bond to F3, a non-Arkansas resident who was a relative of Munson. While the paperwork for the bond represents a principal amount of \$200,000.00, the only investors in the bond were those named above, representing a total principal investment of \$168,000.00.

12. Munson engaged his attorney to prepare the paperwork to create the Freedom Bible College Bond and establish Freedom 105 as a holding entity for the investors. Munson received compensation for arranging the issue and purchase of the bond in the form of fees paid both at the time of initial bond purchase and at the time of the bond's redemption.

13. Department records reveal no registration or proof of exemption for the Freedom Bible College Bond in accordance with the Act and no notice filing pursuant to federal law in connection with a covered security.

Securities Fraud in the Offer and Sale of Securities

14. As set out in numbered paragraphs 9 through 13, Munson solicited F2 to invest \$100,000.00 in the Freedom Bible College Bond while acting in his capacity as a broker-dealer agent. To induce F2 into investing, Munson represented that an investment in the bond would yield monthly interest payments of 10.75% with a full return of principal within two years. Munson promised to service the financial side of the transaction by receiving the monthly interest payments and principal payments from Freedom Bible College and distributing them to the investors as received.

15. Freedom Bible College made each monthly interest payment as provided under the terms of the bond. The interest payments were set at a monthly amount of \$1,505.00, representing 10.75% of the outstanding principal balance of \$168,000.00. Freedom Bible College made each and every monthly payment of interest as stipulated under the terms of the bond. From June 2006 to April 2008, Freedom Bible College made 23 monthly interest payments totaling \$34,615.00. On April 17, 2008, Freedom Bible College made a final payment of \$175,580.47 to the bondholders, representing all outstanding principal and interest owed under the terms of the bond. Freedom Bible College made each payment of interest and principal directly to DFM, as general partner acting on behalf of Freedom 105.

16. While Munson ensured that other investors received a pro rata share of all monthly interest payments as received, he did not forward all of the monthly interest payments to F2 as promised. F2's pro rata portion of the total \$1,505.00 monthly interest payment made by Freedom Bible College was \$895.83. F2 was entitled to 23 payments of \$895.83 for a total of \$20,604.09. Instead, Munson only forwarded 18 payments of \$895.83 to F2 for a total of \$16,124.94. The remainder of the unpaid interest was left in the DFM general account where it was converted for the use and benefit of the company.

17. While Munson returned to some investors the amount of their original principal investment in the bond, he did not return to F2 any of the \$100,000.00 original principal investment as promised. Instead, after Freedom Bible College made final payment of \$175,580.47 on the bond, the funds were spent in the following manner:

- (a) \$50,000.00 was paid to F1 as a return of original principal investment;
- (b) \$25,000.00 was used to repay a third party who previously had invested money with Munson so Munson could attempt to retrieve investor funds he lost to a Ponzi scheme operating out of California;

- (c) \$18,602.00 was paid to Northwest Health and Lifestyle Center, a business owned and operated by DFM, to cover a \$3,310.74 bank overdraft fee as well as utility, payroll, and other business expenses;
- (d) \$5,228.00 was used to purchase real property for the benefit of F3 in the form of a residential lot located in Bella Vista, Arkansas;
- (e) \$1,750.00 was paid to Personal Financial Services as a loan management fee charged for Munson's services in the bond transaction; and
- (f) \$75,000.47 was lost to Signature Bank after the bank exercised its right of set-off to seize the funds in satisfaction of a loan obligation on which DFM had defaulted.

Misuse of Customer Funds

18. As set out in numbered paragraphs 9 through 17, Munson solicited F2 to invest \$100,000.00 in the Freedom Bible College Bond while acting in his capacity as a broker-dealer agent. Although Freedom Bible College made all monthly interest payments and tendered a full repayment of principal as provided under the terms of the bond, Munson did not return to F2 the full allotted share of the interest payments or the \$100,000.00 original principal investment as promised.

19. Instead, Munson converted \$4,479.15 in interest payments owed to F2 for the use and benefit of DFM. Munson used the original \$100,000.00 principal investment to repay outside investors, loan money to businesses owned and run by DFM, and cure financial obligations on which DFM had defaulted.

WILLFUL VIOLATIONS OF THE ACT

20. Ark. Code Ann. § 23-42-301(c) prohibits any person from transacting business in Arkansas as an investment adviser or representative without first being registered to do so. Munson committed separate violations of Ark. Code Ann. § 23-42-301(c) when he entered into

contracts and provided investment advisory services to C1 and C2, C3, and C4 as set forth in numbered paragraphs 3 through 8 above.

21. Ark. Code Ann. § 23-42-501 provides that it is unlawful for any person to offer or sell any security unless it is registered, exempt, or a covered security. Munson committed separate violations of Ark. Code Ann. § 23-42-501 when he offered and sold unregistered securities to F1, F2, and F3 as set forth in numbered paragraphs 9 through 13 above.

22. Ark. Code Ann. § 23-42-507(2) makes it unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading. Munson violated Ark. Code Ann. § 23-42-507(2) when he represented to F2 that all monthly interest and principal payments received from investment in the bond would be returned to F2, when in fact portions of interest and the entire amount of the principal investment were used for various improper and unauthorized purposes, as set forth in numbered paragraphs 14 through 17 above.

23. Rule 308.01 of the Rules provides that each broker-dealer or agent shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. Rule 308.01 (p) of the Rules specifically prohibits a broker-dealer agent from “borrowing or unauthorized use of customers’ funds or securities.” Munson violated Rule 308.01 (p) when he used funds belonging to F2 for various improper and unauthorized purposes, as set forth in numbered paragraphs 14 through 19 above.

WHEREFORE, the Staff respectfully prays that its Complaint be received and filed, that a date for a hearing on the merits be set, and that upon a final hearing the Commissioner will award the following relief:

(A) An Order revoking Munson's registration as of the last date on which his registration was effective in accordance with Ark. Code Ann. §23-42-308(a)(2)(B) for his willful violations of the Act as set forth above, namely:

1. Transacting business as an investment adviser representative in violation of Ark. Code Ann. § 23-42-301(c);
2. Offering and selling unregistered securities in violation of Ark. Code Ann. § 23-42-501;
3. Committing securities fraud in the offer or sale of securities in violation of Ark. Code Ann. § 507(2); and
4. Misusing customer funds in violation of Rule 308.01(p) of the Rules.

(B) An Order fining Munson in accordance with Ark. Code Ann. § 23-42-308(g) in the amount of \$10,000.00 per violation for his unauthorized practice as an investment adviser representative in violation of §23-42-301(c).

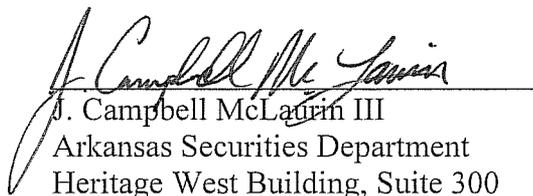
(C) An Order fining Munson in accordance with Ark. Code Ann. § 23-42-308(g) in an amount equal to \$10,000.00 per violation or the total amount of money he received in connection with each violation for the sale of unregistered securities in violation of Ark. Code Ann. § 23-42-501.

(D) An Order fining Munson in accordance with Ark. Code Ann. § 23-42-308(g) in an amount equal to \$10,000.00 per violation or the total amount of money received in connection

with each violation for securities fraud in the offer or sale of securities in violation Ark. Code Ann. § 23-42-507(2).

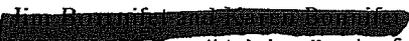
(E) The Staff further requests all other general relief the Commissioner may deem just and appropriate under the circumstances.

Respectfully Submitted,


J. Campbell McLaurin III
Arkansas Securities Department
Heritage West Building, Suite 300
201 East Markham Street
Little Rock, Arkansas 72201
Telephone: (501) 324-8670
Facsimile: (501) 324-9268
cmclaurin@securities.arkansas.gov
Counsel for the Staff

AGREEMENT FOR SERVICES

This will confirm the agreement entered into this 10th day of June 2009: by and between:

, Hereby known as "CLIENT", and Select Capital Partners, Inc, hereby known as "Advisor", who for a fee, agrees to assist the client in obtaining below specified financial services on a best effort basis. Whereas, CLIENT wishes to arrange the following services as set forth below:

A Financial Advisor for the review and assistance for personal financial assets including but not limited to:

- The consultation and analysis of a personal will and trust and completion of a formal estate plan.
- Prepare and administer a personal financial plan with a detailed asset allocation analysis.
- Analyze and consult on the administration of company owned retirement plans, stock option programs, stock purchase plans, and company owned life insurance.
- Analyze and consult on various liquid assets such as cash deposits, personal savings, individual retirement accounts, individual brokerage accounts; personal life insurance, other securities, and financial instruments.
- Analyze and consult on various "non-liquid" assets such as personal residence and other raw land holdings, business interests and commercial real estate the financing thereof and the acceleration of debt repayment strategies, and various forms of ownership for said holdings.

Therefore it is agreed as follows:

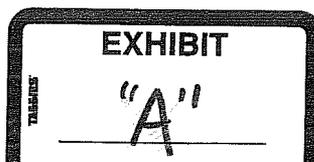
A. CLIENT agrees that ADVISOR shall be granted the exclusive right for a period of 180 days to arrange said services with terms and conditions suitable to the CLIENT.

B. In consideration of services rendered, CLIENT agrees to pay ADVISOR a fee of \$395.00. (Three Hundred Ninety Five Dollars) per annum.

CLIENT agrees this agreement shall be a demand against the assets of the CLIENT, and CLIENT shall execute any and all documents necessary to affect said demand. Said fee shall be paid as follows:

C. Three Hundred Ninety-Five Dollars (\$395.00) at the execution of this agreement, and \$395.00 on the anniversary date of this contract and annually thereafter.

D. It is understood that should ADVISOR obtain a letter of intent to provide services or engagement of administrative services and then if CLIENT gives ADVISOR a written notice to terminate this agreement dated prior to ADVISOR receiving a letter of intent or commitment, CLIENT shall not be responsible for the fee stated in paragraph "B", but for termination of said agreement, CLIENT agrees to pay ADVISOR for time and expenses. Therefore ADVISOR and CLIENT agree that reasonable expenses incurred should not be more than \$395.00 or less than \$0, and that agreed upon shall be entered with the written notice.

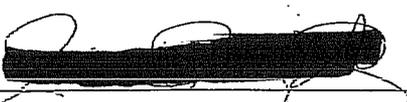


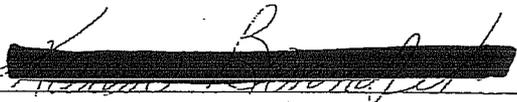
E. This document consisting of two typewritten pages represents the whole agreement between CLIENT and ADVISOR. This agreement supersedes and voids any and all previous verbal and or written contracts between the aforesaid parties.

F. It is also understood that this agreement may be executed in one or more counterparts and each executed copy shall be deemed as if an original, and is to take effect as a sealed instrument. This document sets forth the entire agreement between both parties, is binding on and endures to the benefit of the parties hereto, and shall be construed and executed pursuant to the laws of the State of Arkansas.

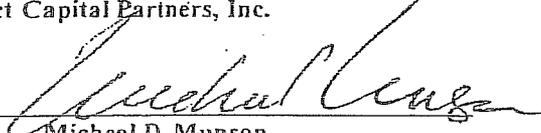
H. In witness, whereof each party mentioned has the foregoing and certifies that each understands the terms of this agreement and with signature hereby agrees, as of this 10th day of June, 2009.

CORPORATE NAME (IF INCORPORATED)

BY: 


BY: 


Select Capital Partners, Inc.

BY: 
Micheal D. Munson

AGREEMENT FOR FINANCIAL SERVICES

This will confirm the agreement entered into this 9th day of October 2009: by and between:

[REDACTED] Hereby known as "CLIENT", and Micheal D. Munson Personal Financial Services, hereby known as "BROKER", who for a fee, agrees to assist the client in obtaining below specified financial services on a best effort basis. Whereas, CLIENT wishes to arrange the following services as set forth below:

- Prepare and administer a personal financial plan with a detailed asset allocation analysis and investment policy statement.
- The consultation and analysis of a personal will and trust and formal estate plan.
- Analyze and consult on the administration of company owned retirement plans, stock option programs, stock purchase plans, and company owned life insurance.
- Analyze and consult on various liquid assets such as cash deposits, personal savings, individual retirement accounts, individual brokerage accounts, personal life insurance, other securities, and financial instruments.
- Analyze and consult on various "non-liquid" assets such as personal residence and other raw land holdings, business interests and commercial real estate the financing thereof and the acceleration of debt repayment strategies, and various forms of ownership for said holdings.

Therefore it is agreed as follows:

A. CLIENT agrees that BROKER shall be granted the exclusive right for a period of 180 days to arrange said services with terms and conditions suitable to the CLIENT.

B. In consideration of services rendered, CLIENT agrees to pay BROKER a fee of \$495.00 (Four Hundred Ninety Five Dollars) per annum.

CLIENT agrees this agreement shall be a demand against the assets of the CLIENT, and CLIENT shall execute any and all documents necessary to affect said demand. Said fee shall be paid as follows:

C. Four Hundred Ninety-Five Dollars (\$495.00) at the execution of this agreement, and \$495.00 on the anniversary date of this contract and annually thereafter.

a. One Hundred Twenty-Five Dollars (\$125.00) per hour for the execution of directed and client approved non-financial services.

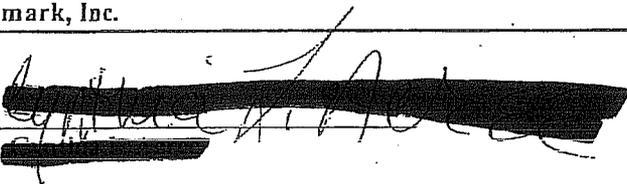
D. It is understood that should BROKER obtain a letter of intent to provide services or engagement of administrative services and then if CLIENT gives BROKER a written notice to terminate this agreement dated prior to BROKER receiving a letter of intent or commitment, CLIENT shall not be responsible for the fee stated in paragraph "B", but for termination of said agreement, CLIENT agrees to pay BROKER for time and expenses. Therefore BROKER and CLIENT agree that reasonable expenses incurred should not be more than \$495.00 or less than \$0, and that agreed upon shall be entered with the written notice.

E. This document consisting of two typewritten pages represents the whole agreement between CLIENT and BROKER. This agreement supersedes and voids any and all previous verbal and or written contracts between the aforesaid parties.

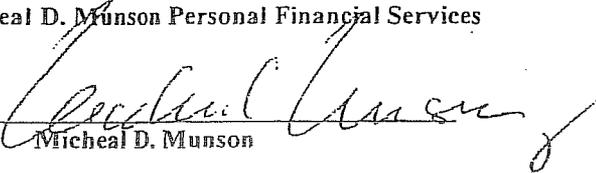
F. It is also understood that this agreement may be executed in one or more counterparts and each executed copy shall be deemed as if an original, and is to take effect as a sealed instrument. This document sets forth the entire agreement between both parties, is binding on and endures to the benefit of the parties hereto, and shall be construed and executed pursuant to the laws of the State of Arkansas.

H. In witness, whereof each party mentioned has the foregoing and certifies that each understands the terms of this agreement and with signature hereby agrees, as of this 9th day of October, 2009.

Protektmark, Inc.

BY: 

Micheal D. Munson Personal Financial Services

BY: 

Micheal D. Munson

AGREEMENT FOR SERVICES

This will confirm the agreement entered into this 5th day of February 2010: by and between:

██████████, Hereby known as "CLIENT", and Micheal D. Munson, d.b.a. Personal Financial Services and Select Capital Partners, Inc, hereby known as "Advisor", who for a fee, agrees to assist the client in obtaining below specified financial services on a best effort basis. Whereas, CLIENT wishes to arrange the following services as set forth below:

A Financial Advisor for the review and assistance for personal financial assets including but not limited to:

- The consultation and analysis of a personal will and trust and completion of a formal estate plan.
- Prepare and administer a personal financial plan with a detailed asset allocation analysis.
- Analyze and consult on the administration of company owned retirement plans, stock option programs, stock purchase plans, and company owned life insurance.
- Analyze and consult on various liquid assets such as cash deposits, personal savings, individual retirement accounts, individual brokerage accounts, personal life insurance, other securities, and financial instruments.
- Analyze and consult on various "non-liquid" assets such as personal residence and other raw land holdings, business interests and commercial real estate the financing thereof and the acceleration of debt repayment strategies, and various forms of ownership for said holdings.

Therefore it is agreed as follows:

A. CLIENT agrees that ADVISOR shall be granted the exclusive right for a period of 180 days to arrange said services with terms and conditions suitable to the CLIENT.

B. In consideration of services rendered, CLIENT agrees to pay ADVISOR a fee of \$495.00. (Four Hundred Ninety Five Dollars) per annum with additional fees as advised and agreed.

1. One hundred twenty-five (\$125.00) per hour for additional client approved estate administrative services.
2. Product specific wholesaler compensation when applicable.

CLIENT agrees this agreement shall be a demand against the assets of the CLIENT, and CLIENT shall execute any and all documents necessary to affect said demand. Said fee shall be paid as follows:

C. Four Hundred Ninety-Five Dollars (\$495.00) at the execution of this agreement, and \$495.00 on the anniversary date of this contract and annually thereafter.

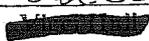
D. It is understood that should ADVISOR obtain a letter of intent to provide services or engagement of administrative services and than if CLIENT gives ADVISOR a written notice to terminate this agreement dated prior to ADVISOR receiving a letter of intent or commitment, CLIENT shall not be responsible for the fee stated in paragraph "B", but for termination of said agreement, CLIENT agrees to pay ADVISOR for time and expenses. Therefore ADVISOR and CLIENT agree that reasonable expenses incurred should not be more than \$495.00 or less than \$0, and that agreed upon shall be entered with the written notice.

E. This document consisting of two typewritten pages represents the whole agreement between CLIENT and ADVISOR. This agreement supersedes and voids any and all previous verbal and or written contracts between the aforesaid parties.

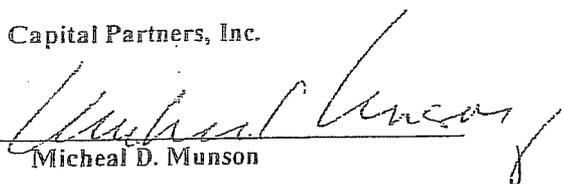
F. It is also understood that this agreement may be executed in one or more counterparts and each executed copy shall be deemed as if an original, and is to take effect as a sealed instrument. This document sets forth the entire agreement between both parties, is binding on and endures to the benefit of the parties hereto, and shall be construed and executed pursuant to the laws of the State of Arkansas.

H. In witness, whereof each party mentioned has the foregoing and certifies that each understands the terms of this agreement and with signature hereby agrees, as of this 5th day of February, 2010.

CORPORATE NAME (IF INCORPORATED)

BY: 


Select Capital Partners, Inc.

BY: 
Micheal D. Munson

FREEDOM BIBLE COLLEGE AND SEMINARY, CONCEPTS OF FREEDOM MINISTRIES, INC.

PROPERTY BOND
IN THE
PRINCIPAL AMOUNT
OF
\$200,000
10.75%

THIS BOND dated May 10, 2006 between Freedom Bible College and Seminary, Concepts of Freedom Ministries, Inc., an Arkansas corporation (hereinafter called the "Company"), and Freedom 105 Walnut Property Limited Partnership, an Arkansas limited partnership (hereinafter called the "Bondholder").

Recitals of the Company

The Company has duly authorized the creation, execution and delivery of this Bond. All things have been done which are necessary to make the Bond the valid obligation of the Company, and to constitute this Bond a valid mortgage and deed of trust and a security agreement and contract for the security of the Bond, in accordance with the terms hereunder.

Granting by the Company

NOW, THEREFORE, to secure the payment of the principal of and interest on this Bond and the performance of the covenants herein contained and to declare the terms and conditions on which this Bond is secured, and in consideration of the premises and of the purchase of the Bond by the Bondholder, the Company by these presents does grant, bargain, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Bondholder, all property, rights, privileges and franchises of the Company of every kind and description, real, personal or mixed, tangible and intangible, whether now owned or hereafter acquired by the Company, wherever located, (said properties, rights, privileges and franchises, including any cash and securities hereafter deposited or required to be deposited with the Bondholders (other than any such cash which is specifically stated herein not to be deemed part of the Company Estate), being herein collectively called the "Company Estate" and grants a security interest therein for the purposes herein expressed) except any Excepted Property (as hereinafter defined) hereinafter expressly excepted from the lien hereof, and including all and singular the following:

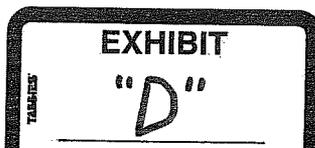
All the property, rights, privileges and franchises particularly described in annexed Schedule 1 are hereby made a part of, and deemed to be described in, this Granting Clause.

EXCEPTED PROPERTY

There is, however, expressly excepted and excluded from the lien and operation of this Bond the following described property of the Company, now owned or hereafter acquired (herein sometimes referred to as "Excepted Property"):

A. all cash on hand or in banks, contracts, agreements, shares of stock, bonds, notes, evidences of indebtedness and other securities, bills, notes, contract rights and accounts receivable, permits and licenses, patents, patent licenses and other patent rights, patent applications, trade names, trademarks, claims, credits, choses in action and other general intangibles, and any other property referred to in this subparagraph which is specifically described in the Granting Clause or is by the express provisions of this Bond subjected or required to be subjected to the lien hereof;

B. all automobiles, buses, trucks, truck cranes, tractors, trailers and similar vehicles and movable equipment, and all accessories and supplies used in connection



with any of the foregoing;

C. all goods, wares and merchandise acquired for the purpose of sale in the ordinary course of business; and all fuel, materials and supplies and other personal property which are consumable (otherwise than by ordinary wear and tear) in their use in the operation of the business of the Company and all hand tools;

D. all manufactured or processed products, materials and products in process of manufacture or processing, stock in trade and on hand, inventory, and materials and supplies and other personal property intended for use in the delivery or processing of the Company's services or to become a part of the services of the Company;

E. all office furniture and all leasehold interests for office purposes;

F. all permits, licenses, franchises and rights not specifically subjected or required to be subjected to the lien hereof by the express provisions of this Bond, whether now owned or hereafter acquired by the Company, which by their terms or by reason of applicable law would become void or voidable if mortgaged or pledged hereunder by the Company or which can not be granted, conveyed, mortgaged, transferred or assigned by this Bond (without the consent of other parties whose consent is not secured, or without subjecting the Bondholder to a liability not otherwise contemplated by the provisions of this Bond, or which otherwise may not be, or are not, hereby lawfully and effectively granted, conveyed, mortgaged, transferred and assigned by the Company);

PROVIDED, HOWEVER, that (i) if, upon the occurrence of an Event of Default, the Bondholder or any receiver appointed pursuant to statutory provision or order of court, shall have entered into possession of all or substantially all of the Company Estate, all the Excepted Property described or referred to in the foregoing Subdivisions A through F, inclusive, then owned or thereafter acquired by the Company shall immediately, and upon demand of the Bondholder or receiver, become subject to the lien hereof to the extent permitted by law, and the Bondholder or receiver may, to the extent permitted by law, at the same time likewise take possession thereof, and (ii) whenever all Events of Default shall have been cured and the possession of all or substantially all of the Company Estate shall have been restored to the Company, such Excepted Property shall again be excepted and excluded from the lien hereof to the extent and otherwise as hereinabove set forth.

SUBJECT, HOWEVER, to Permitted Encumbrances (as defined in Section 1.01).

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01. Definitions.

A. All defined terms in this Bond are identified in Exhibit A hereto.

Section 1.02. Acts of Bondholder.

A. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Bond to be given or taken by the Bondholder may be embodied in and evidenced by one or more substantially concurrent instruments of substantially similar tenor signed by the Bondholder in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Bondholder, and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Action" of the Bondholder signing such instrument or instruments.

B. The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the

certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

C. Any request, demand, authorization, direction, notice, consent, waiver or other action by the Bondholder shall bind every future Holder of this Bond and the Holder of every Bond issued upon the transfer thereof or in exchange therefore or in lieu thereof, in respect of anything done or suffered to be done by the Bondholder or the Company in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 1.03. Notices, etc., to Bondholder and Company.

Any request, demand, authorization, direction, notice, consent, waiver or Action of Bondholder or other document provided or permitted by this Bond to be made upon, given or furnished to, or filed with,

A. the Bondholder by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Bondholder at its principal business office, or

B. the Company by the Bondholder shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to the Company addressed to it at or at any other address previously furnished in writing to the Bondholder by the Company.

Section 1.04 Form and Contents of Documents Delivered to Bondholder.

Whenever several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any Opinion of Counsel may be based, insofar as relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Bond, they may, but need not, be consolidated and form one instrument.

Section 1.05. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Bondholder to take any Action under any provision of this Bond, the Company shall furnish to the Bondholder an Officers Certificate stating that all conditions precedent, if any, provided for in this Bond relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such Counsel all such conditions precedent, if any, have been complied with, except that in the case of any such

application or request as to which the furnishing of such documents is specifically required by any provision of this Bond relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Bond shall include

A. a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein relating thereto;

B. a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

C. a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and

D. a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 1.06. Effect of Headings and Table of Contents.

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.07. Successors and Assigns.

All covenants and agreements in this Bond by the Company shall bind its successors and assigns, whether so expressed or not.

Section 1.08. Reparability Clause.

In case any provision in this Bond shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.09. Governing Law.

This Bond shall be construed in accordance with and governed by the laws of the State of Arkansas.

ARTICLE TWO

THE BOND AND REPLACEMENT BOND OR BONDS

Section 2.01. Executive, Authentication, Delivery and Dating.

This Bond shall be executed on behalf of the Company by its Chairman of the Board, its President, one of its Vice-Presidents under its corporate seal reproduced thereon and attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Bond may be manual or facsimile.

At any time and from time to time after the execution and delivery of this Bond, the Company may deliver Bonds executed by the Company to the Bondholder for authentication and the Bondholder shall authenticate and deliver such Bonds as in this Bond provided and not otherwise.

Section 2.02. Registration, Transfer and Exchange.

The Company shall cause to be kept and maintained at its principal office a register (herein sometimes referred to as the "Bond Register") in which, subject to

such reasonable regulations as it may prescribe, the Company shall provide for the registration of this Bond and registration of transfers of this Bond in whole or in part.

Upon surrender for transfer of this Bond at the principal office of the Company, the Company shall execute, and the Bondholder shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new bonds of any authorized denominations and of a like aggregate principle amount.

All Bonds surrendered upon any exchange or transfer provided for in this Bond shall be promptly cancelled by the Bondholder and thereafter disposed of as directed by the Company. All bonds issued upon any transfer or exchange of this Bond shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same security and benefits under this Bond, as the bonds surrendered upon such transfer or exchange.

Every bond presented or surrendered for transfer, exchange or discharge from registration shall (if so required by the Company) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration, discharge from registration, transfer or exchange of bonds, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of bonds.

Section 2.03. Mutilated, Destroyed, Lost and Stolen Bonds.

If (i) this Bond is or becomes mutilated and the Company and the Bondholder receive evidence to their satisfaction of the destruction, loss or theft of this Bond and (ii) there is delivered to the Company and the Bondholder such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Bondholder that this Bond has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Bondholder shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of like tenor and principal amount.

Upon the issuance of any new Bond under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Bond.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

Section 2.04. Payment of Interest; Interest Rights Preserved.

Interest on this Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Bondholder or Person in whose name this Bond is registered at the close of business on the Regular Record Date for such interest specified in the provisions of this Bond.

Any interest on this Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall be payable to the Bondholder or subsequent holder on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Bondholder in writing of the amount of

Defaulted Interest proposed to be paid and the date of the proposed payment (which date shall be such as will enable the Bondholder to comply with the next sentence hereof), and at the same time the Company shall deposit with the Bondholder an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Bondholder for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Bondholder or such other Persons entitled to such Defaulted Interest as in this Subsection provided and not to be deemed part of the Company Estate or Company Moneys. Thereupon the Bondholder shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Bondholder of the notice of the proposed payment.

Subject to the foregoing provisions of this Section, each bond delivered under this Bond upon transfer of or in exchange for or in lieu of this Bond or any other bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other bond and each such bond shall bear interest from such date, in that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 2.05. Cancellation.

Upon this Bond being surrendered for payment, redemption, transfer, exchange or conversion, the Bond shall be promptly cancelled by the Bondholder. No Bond shall be authenticated in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Bond. All cancelled Bonds held by the Bondholder shall be disposed of as directly by a Company Request.

ARTICLE THREE

BONDABLE ADDITIONS; POSSESSION BY COMPANY; RELEASES

Section 3.01. Bondable Additions.

The Company shall obtain the written consent of the Bondholder or a majority of the Persons holding bonds issued in part as replacements of this Bond prior to issuing any additional bonds in excess of the Principal Amount or in replacement of any portion of any partially paid principal outstanding under this Bond for any purpose, including the making of improvements to the existing structures or building additions on the Company Estate.

Section 3.02. Possession by Company; Dispositions without Release.

So long as no Event of Default shall have occurred and be continuing, the Company shall be suffered and permitted, subject to the provisions of this Article, to possess, use, manage, operate and enjoy the Company Estate and to collect, receive, use, invest and dispose of the rents, issues, tolls, profits, revenues and other income from the Company Estate, in the ordinary course of business, and to alter, repair and change the position of any of its buildings, works, structures, machinery, equipment and other property, provided that such alterations, repairs or changes shall not diminish the value thereof or impair the lien of this Bond thereon, and to deal with, exercise any and all rights under, receive and enforce performance under, and adjust and settle all matters relating to current performance of, chooses in action, leases and contracts.

The Company shall have the right, from time to time, to sell or dispose of any part of the Company Estate (except cash and other personal property held by, or required to be deposited or pledged with, the Bondholder hereunder) and the Bondholder shall, from time to time, release property so sold or disposed of from the lien of this Bond, but only upon compliance by the Company of the following:

The Company will deliver to the Bondholder, on or before in each year after the year 2006 an Officers' Certificate setting forth, with respect to transactions

during the preceding calendar year pursuant to Subsection A of this Section, the aggregate fair value at the date or dates of disposition of, the aggregate amount realized from, and a general description of, any property disposed of pursuant to said Subsection A (and stating that such property had become obsolete or unfit for use or no longer useful, necessary or profitable in the conduct of the business of the Company) and the aggregate fair value to the Company of, the cost of, and a general description of, any property acquired in substitution for such property sold or disposed of.

Section 3.03. Eminent Domain

If any of the Company Estate shall be taken by eminent domain, the Bondholder may release the property so taken and shall be fully protected in so doing upon being furnished with

A. an Officers' Certificate requesting such release, describing the property so to be released and stating that such property has been taken by eminent domain and that all conditions precedent herein provided for relating to such release have been complied with;

B. an Opinion of Counsel to the effect that such property has been lawfully taken by exercise of the right of eminent domain, that the award for such property so taken has become final or an appeal there from is not advisable in the interests of the Company or the Holders of the Bonds and that all conditions precedent herein provided for relating to such release have been complied with; and

C. cash equal to such award.

Section 3.04. Powers Exercisable Notwithstanding Default.

While in possession of all or substantially all of the Company Estate (other than any cash and securities constituting part of the Company Estate and deposited with the Bondholder), the Company may exercise the powers conferred upon it in the Sections of this Article even though it is prohibited from doing so while a Default exists as provided therein, if the Bondholder in its discretion, or the Holders of not less than 50% in principal amount of the Bonds then Outstanding by Action of such bondholders, shall consent to such Action, in which event none of the instruments required to be furnished to the Bondholder under any of such Sections as a condition to the exercise of such powers needs state that no Default exists as provided therein.

Section 3.05. Powers Exercisable by Bondholder or Receiver.

In case all or substantially all of the Company Estate (other than any cash and securities constituting part of the Company Estate and deposited with the Bondholder) shall be in the possession of a Bondholder or receiver lawfully appointed, the powers hereinbefore in this Article conferred upon the Company with respect to the sale or other disposition and release of the Company Estate may be exercised by such Bondholder or receiver (with the consent of the Bondholder or Bondholders specified in Section 3.04), in which case a written request signed by such receiver or Bondholder shall be deemed the equivalent of any Board Resolution required by this Article and a certificate signed by such Bondholder or receiver shall be deemed the equivalent of any Officers' Certificate required by this Article and such certificate need not state that no Default exists. If the Bondholder shall be in possession of the Company Estate under Section 4.03, such powers may be exercised by the Bondholder in its discretion.

Section 3.06. Purchaser Protected.

No purchaser in good faith of property purporting to be released here-from shall be bound to ascertain the authority of the Bondholder to execute the release or to inquire as to the existence of any conditions herein prescribed for the exercise of such authority; nor shall any purchaser or grantee of any property or rights permitted by this Article to be sold or otherwise disposed of by the Company be

under any obligation to ascertain or inquire into the authority of the Company to make any such sale or other disposition. Any release executed by the Bondholder under this Article shall be sufficient for the purpose of this Bond and shall constitute a good and valid release of the property therein described from the lien hereof.

Section 3.07. Disposition of Collateral on Discharge of Prior Liens.

Upon the cancellation and discharge of any Prior Lien, the Company will cause all cash and purchase money obligations then held by the Bondholder or mortgagee, which were received by such Bondholder or mortgagee in accordance with the provisions of this Article (including all proceeds of or substitutions for any thereof), to be paid to or deposited and pledged with the Bondholder, such cash to be held and paid over or applied by the Bondholder as provided in Article Six.

Section 3.08. Disposition of Obligations Received.

All purchase money obligations received by the Bondholder under this Article shall be held by the Bondholder as a part of the Company Estate. Upon payment by or on behalf of the Company to the Bondholder of the entire unpaid principal amount of any such obligation, the Bondholder shall release and transfer such obligation and any mortgage securing the same upon request of the Company. The Bondholder shall receive any moneys paid in respect of the principal of any such obligations and hold and dispose of such moneys as provided in Article Six. The Bondholder shall not be responsible for the collection of the principal of or interest on any such obligations. All interest and other income on any such obligations, when received by the Bondholder, shall be paid from time to time upon Company Request, unless an Event of Default shall occur and be continuing. If an Event of Default shall occur and be continuing, any interest and other income on any such obligations not theretofore paid upon Company Request, when collected by the Bondholder, shall be applied by the Bondholder in accordance with Section 4.07.

ARTICLE FOUR

REMEDIES

Section 4.01. Events of Default.

"Event of Default," wherever used herein, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

A. default in the payment of any interest upon any Bond when such interest becomes due and payable and continuance of such default for a period of 30 days; or

B. default in the payment of the principal of this Bond or any substitute, replacement or additional bond at its Maturity; or

C. default in the performance, or breach, of any covenant or warranty of the Company in this Bond (other than a covenant or warranty default in the performance or breach of which is elsewhere in this Section' specifically dealt with), and continuance of such default or breach for a period of 30 days after there has been given, by registered or certified mail, to the Company by the Bondholder, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

D. the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of the Company, or adjudging the Company bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, adjustment or composition of or in respect of the Company under the Federal Bankruptcy Act or any other applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, Bondholder, sequestrator (or other

similar official) of or for the Company or any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

E. the commencement by the Company of a voluntary case, or the institution by it of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against It, or the filing by it of a petition or answer or consent seeking reorganization, arrangement or relief under the Federal Bankruptcy Act or any other applicable Federal or State law, or the consent or acquiescence by it to the filing of any such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, Bondholder, sequestrator (or other similar official) of the Company or any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability or its failure to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action.

Section 4.02. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the Bondholder or the Holders of not less than 25% in principal amount of the Bond may declare the principal of the Bond, or bonds in the event of additional issuance of replacement or substitute bonds, to be due and payable immediately, by a notice in writing to the Company, and upon any such declaration such principal shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any sale of any of the Company Estate has been made under this Article or any judgment or decree for payment of money due on any Bonds has been obtained by the Bondholder as hereinafter in this Article provided, the holders of a majority in principal amount of the Bonds Outstanding may, by written notice to the Company and the Bondholder, rescind and annul such declaration and its consequences if

A. the Company has deposited with the Bondholder a sum sufficient to pay

(1) all overdue installments of interest on the Bond,

(2) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefore in such bonds,

(3) interest upon overdue installments of interest at the rate or rates prescribed there for in the Bond, and

(4) all sums paid or advanced by the Bondholder hereunder and the reasonable compensation, expenses, disbursements and advances of the Bondholder, its agents and counsel; and

B. all Events of Default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in Section 4.17.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Section 4.03. Entry.

The Company agrees that upon the occurrence of an Event of Default the Company, upon demand of Bondholders holding more than 50% of the outstanding Bonds; and during the continuance thereof, shall forthwith surrender to the Bondholder the actual possession of, and it shall be lawful for the Bondholder by such officers or agents as it may appoint to enter and take possession of, the Company Estate (and the books, papers and accounts of the Company), and to hold, operate and manage the Company Estate (including the making of all needful repairs, and such alterations,

additions and improvements as to the Bondholder shall seem wise) and to receive the rents, issues, tolls, profits, revenues and other income thereof, and, after deducting the costs and expenses of entering, taking possession, holding, operating and managing the Company Estate, as well as payments for taxes, insurance and other proper charges upon the Company Estate and reasonable compensation to itself, its agents and counsel, to apply the same as provided in Section 4.07. Whenever all that is then due upon the Bonds and under any of the terms of this Bond shall have been paid and all defaults hereunder shall have been made good, the Bondholder shall surrender possession to the Company.

Section 4.04. Power of Sale; Suits for Enforcement.

In case an Event of Default shall occur and be continuing, the Bondholder, with or without entry, in its discretion may, subject to the provisions of Section 4.16:

A. sell, subject to any mandatory requirements of applicable law, the Company Estate as an entirety, or in such parcels as the Holders of a majority in principal amount of the Bonds then Outstanding shall in writing request, or in the absence of such request, as the Bondholder may determine, to the highest bidder at public auction at such place and at such time (which sale may be adjourned by the Bondholder from time to time in its discretion by announcement at the time and place fixed for such sale, without further notice) and upon such terms as the Bondholder may fix and briefly specify in a notice of sale to be published once in each week for four-successive weeks prior to such sale in an Authorized Newspaper; or

B. proceed to protect and enforce its rights and the rights of the Bondholders under this Bond by sale pursuant to judicial proceedings or by a Suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Bond or in aid of the execution of any power granted in this Bond or for the foreclosure of this Bond or for the enforcement of any other legal, equitable or other remedy, as the Bondholder, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Bondholder or the Bondholders.

Section 4.05. Incidents of Sale.

Upon any sale of any of the Company Estate, whether made under the power of sale hereby given or pursuant to judicial proceedings, to the extent permitted by law:

A. the principal of and accrued interest on all Outstanding Bonds, if not previously due, shall at once become and be immediately due and payable;

B. any Bondholder may bid for and purchase the property offered for sale, and upon compliance with the terms of sale may hold, retain and possess and dispose of such property, without further accountability, and may, in paying the purchase money therefore, deliver, any Outstanding Bonds or claims for interest thereon in lieu of cash to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon, and such Bonds, in case the amounts so payable thereon shall be less than the amount due thereon, shall be returned to the Holders thereof after being appropriately stamped to show partial payment;

C. the Bondholder may make and deliver to the purchaser or purchasers a good and sufficient deed, bill of sale and instrument of assignment and transfer of the property sold;

D. the Bondholder is hereby irrevocably appointed the true and lawful attorney of the Company, in its name and stead, to make all necessary deeds, bills of sale and instruments of assignment and transfer of the property thus sold; and for that purpose it may execute all necessary deeds, bills of sale and instruments of assignment and transfer, and may substitute one or more persons, firms or corporations with like power, the Company hereby ratifying and confirming all that its said attorney or such substitute or substitutes shall lawfully do by virtue hereof; but if so requested by the Bondholder or by any purchaser, the Company shall ratify and confirm any such sale or transfer by executing and delivering to the

Bondholder or to such purchaser or purchasers all proper deeds, bills of sale, instruments of assignment and transfer and releases as may be designated in any such request;

E. all right, title, interest, claim and demand whatsoever, either at law or in equity or otherwise, of the Company of, in and to the property so sold shall be divested and such sale shall be a perpetual bar both at law and in equity against the Company, its successors and assigns, and against any and all persons claiming or who may claim the property sold or any part thereof from, through or under the Company, its successors and assigns; and

F. the receipt of the Bondholder or of the officer making such sale shall be a sufficient discharge to the purchaser or purchasers at such sale for his or their purchase money and such purchaser or purchasers and his or their assigns or personal representatives shall not, after paying such purchase money and receiving such receipt, be obliged to see to the application of such purchase money, or be in anywise answerable for any loss, misapplication or non-application thereof.

Upon a sale of substantially all the Company Estate, whether made under the power of sale hereby given or pursuant to judicial proceedings, the Company will permit, to the extent permitted by law, the purchaser thereof and its successors and its and their assigns to take and use the name of the Company and to carry on business under such name or any variant or variants thereof and to use and employ any and all other trade names, brands and trade marks of the Company; and in such event, upon written request of such purchaser or its successors, or its or their assigns, the Company will, at the expense of the purchaser, change its name in such manner as to eliminate any similarity.

Section 4.06. Covenant to Pay Bondholder Amounts Due on Bonds Right of Bondholder to Judgment.

The Company covenants that, if

A. default is made in the payment of any interest on any Bond when such interest becomes due and payable, and such default continues for a period of 30 days or

B. default is made in the payment of the principal of (or premium, if any, on) any Bond at its Maturity, then upon demand of the Bondholder, the Company will pay to the Bondholder for the benefit of the Holders of such Bonds, the whole amount then due and payable on such Bonds for principal (and premium, if any) and interest, with interest at the respective rate or rates prescribed herein and, to the extent that payment of such interest is legally enforceable, on overdue installments of interest; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Bondholder, its agents and counsel. If the Company fails to pay such amounts forthwith upon such demand, the Bondholder, in its own name and as Bondholder of an express trust, shall be entitled to sue for and recover judgment against the Company and any other obligor on the Bonds for the whole amount so due and unpaid.

The Bondholder shall be entitled to sue and recover judgment as aforesaid either before, after or during the pendency of any proceedings for the enforcement of the lien of this Bond, and in case of a sale of the Company Estate and the application of the proceeds of sale is aforesaid, the Bondholder, in its own name and as Bondholder of an express trust, shall be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon the Outstanding Bonds for the benefit of the Holders thereof, and shall be entitled to recover judgment for any portion of the same remaining unpaid, with interest as aforesaid. No recovery of any such judgment upon any property of the Company shall affect or impair the lien of this Bond upon the Company Estate or any rights, powers or remedies of the Bondholder hereunder, or any rights, powers or remedies of the Holders of the Bonds.

Section 4.07. Application of Money Collected.

Any money collected by the Bondholder pursuant to this Article, including any rents, issues, tolls, profits, revenues and other income collected pursuant to Section 4.03 (after the deductions therein provided) and any proceeds of any sale (after deducting the costs and expenses of such sale, including a reasonable compensation to the Bondholder, its agents and counsel, and any taxes, assessments or liens prior to the lien of this Bond, except any thereof subject to which such sale shall have been made), whether made under any power of sale herein granted or pursuant to judicial proceedings, and any money collected by the Bondholder under Section 3.08 to be applied under this Section, together with, in the case of an entry or sale or as otherwise provided herein, any other sums then held by the Bondholder as part of the Company Estate, shall be applied in the following order, at the date or dates fixed by the Bondholder and in case of the distribution of such money on account of principal or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

A. First: To the payment of all undeducted amounts due the Bondholder under Section 4.07;

B. Second: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Bondholder or a sum sufficient therefore has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefore in the Bonds) of the several series on overdue principal and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due (except that any money collected by the Bondholder pursuant to Section 3.08 in respect of interest or income and 4.03 shall first be applied to the payment of interest so due); and

C. Third: To the payment of the remainder, if any, to the Company or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Section 4.08. Receiver.

Upon the occurrence of an Event of Default and commencement of judicial proceedings by the Bondholder to enforce any right under this Bond, the Bondholder shall be entitled, as against the Company, without notice or demand and without regard to the adequacy of the Security for the Bonds or the solvency of the Company, to the appointment of a receiver of the Company Estate, and of the rents, issues, profits, revenues and other income thereof, but, notwithstanding the appointment of any receiver, the Bondholder shall be entitled to retain possession and control of, and to collect and receive the income from, cash, securities and other personal property held by, or required to be deposited or pledged with, the Bondholder hereunder.

Section 4.09. Bondholder May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Bonds or the property of the Company or of such other obligor or their creditors, the Bondholder (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Bondholder shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

A. to file and prove a claim for the whole amount of principal and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the

Bondholder (including any claim for the reasonable compensation, expenses, disbursements and advances of the Bondholder, its agents and counsel) and of the Bondholders allowed in such judicial proceeding, and

B. to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, Bondholder, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Bondholder to make such payments to the Bondholder, and in the event that the Bondholder shall consent to the making of such payments directly to the Bondholders, to pay to the Bondholder any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Bondholder, its agents and counsel, and any other amounts due the Bondholder under Section 4.07.

Section 4.10. Bondholder May Enforce Claims without Possession of Bonds.

All rights of action and claims under this Bond may be prosecuted and enforced by the Bondholder without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Bondholder shall be brought in its own name as Bondholder. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Bondholder, its agents and counsel, be for the ratable benefit of the Holders of the Bonds in respect of which such judgment has been recovered.

Section 4.11. Limitation on Suits.

No Holder of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Bond, or for the appointment of a receiver if

A. such Holder has previously given written notice to the Company of a continuing Event of Default;

B. the Holders of not less than 25% in principal amount of the Outstanding Bonds shall have made written request to the Bondholder to institute proceedings in respect of such Event of Default in its own name as Bondholder hereunder;

C. the Company has offered to the Bondholder reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

D. the Bondholder for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

E. no direction inconsistent with such written request has been given to the Bondholder during such 60-day period by the Holders of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Bond to affect, disturb or prejudice the lien of this Bond or the rights of any other Holders of Bonds, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Bond, except in the manner herein provided and for the equal and ratable benefit of all Outstanding Bonds.

Section 4.12. Unconditional Right of Bondholders to Receive Principal and Interest.

Notwithstanding any other provision in this Bond, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective Stated Maturities expressed herein for such interest (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such

payment, and (in the case of Bonds of any series convertible into other securities) the right to convert such Bond in accordance with the provisions of this Bond creating such series and to institute suit for its enforcement, and such rights shall not be impaired without the consent of such Holder.

Section 4.13. Restoration of Positions.

If the Bondholder or any Bondholder has instituted any proceeding to enforce any right or remedy under this Bond by foreclosure, entry or otherwise and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Bondholder or to such Bondholder, then and in every such case the Company, the Bondholder and the other Bondholders shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Bondholder and the Bondholders shall continue as though no such proceeding had been instituted.

Section 4.14. Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Bondholder or to the Bondholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 4.15. Delay or Omission Not Waiver.

No delay or omission of the Bondholder or of any Holder of any Bond to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Bondholder or to the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Bondholder or by the Bondholders, as the case may be.

Section 4.16. Control by Bondholders.

The Holders of a majority in principal amount of the Outstanding Bonds shall have the right, during the continuance of an Event of Default,

A. to proceed to enforce this Bond, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of this Bond, the sale of the Company Estate or otherwise or, at the election of the Bondholder, by the exercise of the power of entry and/or sale hereby conferred; and

B. to direct the time, method and place of conducting any proceeding for any remedy available to the Bondholder, or exercising any trust or power conferred upon the Bondholder hereunder, provided that

- (1) such direction shall not be in conflict with any rule of law or this Bond,
- (2) the Bondholder may take any other action deemed proper by the Bondholder which is not inconsistent with such direction,
- (3) the Bondholder shall not determine that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction.

Section 4.17. Waiver of Past Defaults.

Before any sale of any of the Company Estate has been made under this Article or any judgment or decree for payment of money due has been obtained by the Bondholder as provided in this Article, the Holders of not less than 50% in principal amount of the Outstanding Bonds may, by Action of such Bondholders delivered to the Bondholder and the Company, on behalf of the Holders of all the Bonds waive any past default

hereunder and its consequences, except a default

A. in the payment of the principal of or interest on any Bond, or

B. in respect of a covenant or provision hereof which under Article Six cannot be modified or amended without the consent of the Holder of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Bond; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 4.18. Undertaking for Costs.

All parties to this Bond, and each Holder of any Bond by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Bond, or in any suit against the Bondholder for any Action taken or omitted by it as Bondholder, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Bondholder, or group of Bondholders, holding in the aggregate more than 10% in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the respective Stated Maturities expressed in such Bond for such interest (or, in the case of redemption, on or after the Redemption Date).

Section 4.19. Waiver of Appraisal and Other Laws.

To the full extent that it may lawfully so agree, the Company will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisal, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Bond or the absolute sale of the Company Estate, or any part thereof, or the possession thereof by any purchaser at any sale under this Article; and the Company, for itself and all who may claim under it, so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws. The Company, for itself and all who may claim under it, waives, to the extent that it may lawfully do so, all right to have the property in the Company Estate marshalled upon any foreclosure hereof, and agrees that any court having jurisdiction to foreclose this Bond may order the sale of the Company Estate as an entirety.

If any law in this Section referred to and now in force, of which the Company or its successor or successors might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section.

Section 4.20. Suits to Protect the Company Estate.

The Bondholder shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Company Estate by any acts which may be unlawful or in violation of this Bond and to protect its interests and the interests of the Bondholders in the Company Estate and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Bondholders or the Bondholder.

Section 4.21. Remedies Subject to Applicable Law.

All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Bond invalid, unenforceable or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

ARTICLE FIVE

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

Section 5.01. Consolidation, Merger, Conveyance or Transfer only on Certain Terms.

The Company shall not consolidate with or merge into any other corporation or convey or transfer the Company Estate substantially as an entirety to any Person, unless:

A. such consolidation, merger, conveyance or transfer shall be on such terms as shall fully preserve the lien and security hereof and the rights and powers of the Bondholder and the Holders of the Bonds hereunder;

B. the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer the Company Estate substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America or any State or the District of Columbia and shall execute and deliver to the Bondholder an Bond supplemental hereto in form recordable and satisfactory to the Bondholder, meeting the requirements of Section 12.02 and containing:

(1) an assumption by such successor corporation of the due and punctual payment of the principal of (and premium, if any) and interest on all the Bonds and the performance and observance of every covenant and condition of this Bond to be performed or observed by the Company, and

(2) a grant, conveyance, transfer and mortgage complying with Section 5.02;

C. immediately after giving effect to such transaction, no default hereunder shall have occurred and be continuing; and

D. the Company shall have delivered to the Bondholder an Officers' Certificate and an Opinion of Counsel, each of which shall state that such consolidation, merger, conveyance or transfer and such supplemental Bond comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 5.02. Successor Corporation Substituted.

Upon any consolidation or merger or any conveyance or transfer of the Company Estate substantially as an entirety in accordance with Section 5.01, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Bond with the same effect as if such successor corporation had been named as the Company herein; SUBJECT, HOWEVER, to the following limitations:

If the supplemental Bond required by Section 5.01 shall contain a grant, conveyance, transfer and mortgage in terms sufficient to include and subject to the lien of this Bond, subject only to Permitted Encumbrances, all property, rights, privileges and franchises then owned and which may be thereafter acquired by such successor corporation (other than Excepted Property), and delivered to the

Bondholder for authentication, any Bonds issuable hereunder; and upon request of such successor corporation, and subject to all the terms of this Bond, the Bondholder shall authenticate and deliver any Bonds which shall have been previously executed and delivered by the Company to the Bondholder for authentication, and any Bonds which such successor corporation shall thereafter, in accordance with this Bond, cause to be executed and delivered to the Bondholder for such purpose. Such changes in phraseology and form (but not in substance) may be made in such Bonds as may be appropriate in view of such consolidation, merger, conveyance or transfer.

Section 5.03. Limitation on Lease of Company Estate as Entirety.

The Company shall not lease the Company Estate substantially as an entirety to any Person.

ARTICLE SIX

COVENANTS

Section 6.01. Payment of Principal and Interest.

The Company will duly and punctually pay the principal of and interest on the Bond in accordance with the following terms:

- A. Interest payments equal to ten and three-fourths percent (10.75%) of the outstanding principal shall be paid to the Bondholder or each subsequent holder on the tenth day of each month beginning June 10, 2006;
- B. Accrued interest, equal to ten and three-fourths percent (10.75%), and all outstanding principal shall be paid to the Bondholder or each subsequent holder on May 10, 2008 ("Stated Maturity").

The Defaulted Interest rate shall be the maximum rate allowed by law and be applicable during the period the Company is in default in the payment of Interest or Principal.

Section 6.02. Maintenance of Office or Agency.

The Company will maintain an office or agency on the property identified on Schedule 1 where Bonds entitled to be registered, transferred, exchanged or converted may be presented or surrendered for registration, transfer, exchange or conversion and where notices and demands to or upon the Company in respect of the Bonds may be served. The Company will give prompt written notice to the Bondholder of the location, and of any change in the location, of any such office or agency. If at any time the Company shall fail to maintain such an office or agency or shall fail to furnish the Bondholder with the address thereof, such presentations, surrenders, notices and demands may be made or served at the principal business office of the Bondholder, and the Company hereby appoints the Bondholder its agent to receive all such presentations, surrenders, notices and demands.

Section 6.03. Money for Bond Payments to be Held in Trust; Repayment of Unclaimed Money.

The Company shall, at any time that it is acting as its own Paying Agent, on or before each due date of the principal of or interest on any of the Bonds, segregate and hold in trust (such trust being the "Trust Moneys") for the benefit of the Holders of such Bonds a sum sufficient to pay the principal or interest so becoming due until such sums shall be paid to such Holders or otherwise disposed of as herein provided, and the Company will promptly notify the Bondholder of its failure so to act.

Whenever the Company shall have one or more Paying Agents, it will, prior to each

due date of the principal of or interest on any Bonds, deposit with a Paying Agent a sum sufficient to pay the principal or interest so becoming due, such sum to be held in trust for the benefit of the Holders of such Bonds for such interest, and (unless such Paying Agent is the Bondholder) the Company will promptly notify the Bondholder of its action or failure so to act.

Moneys so segregated or deposited and held in trust shall not be a part of the Company Estate and shall not be deemed Trust Moneys but shall constitute a separate trust fund for the benefit of the Persons entitled to such principal or interest. Except in the case of moneys so segregated by the Company when acting as its own Paying Agent, moneys held in trust by the Bondholder or any other Paying Agent for the payment of the principal (or premium, if any) or interest on the Bonds need not be segregated from other funds, except to the extent required by law.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Bond or for any other purpose, pay, or direct any Paying Agent to pay, to the Bondholder all money held in trust by the Company or such Paying Agent, and, upon such payment by the Company, the Company shall be discharged from such trust; and, upon such payment by any Paying Agent to the Bondholder, such Paying Agent shall be released from all further liability with respect to such money.

Section 6.04. Warranty of Title.

At the time of the execution and delivery of this instrument, the Company has good and marketable title in fee simple to the real property specifically described in Schedule 1 referenced in the Granting Clause, subject to no mortgage, lien, charge or encumbrance except as stated therein or in the Commitment for Title Insurance included in Schedule 1, and has full power and lawful authority to grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, pledge, set over and confirm said real property and interests in real property in the manner and form aforesaid. Other than the lien under the prior Contract for Deed which is being released upon delivery of funds from the sale of this Property Bond, there are no Prior Liens on any of the property that comprises the Company Estate.

The Company lawfully owns and is possessed of the personal property utilized in its business, subject to no mortgage, lien, charge or encumbrance except as stated in the Commitment for Title Insurance included in Schedule 1, and has full power and lawful authority to mortgage, assign, transfer, deliver and pledge said personal property and securities in the manner and form aforesaid.

The Company hereby does and will forever warrant and defend the title to the property specifically described in Granting Clause against the claims and demands of all persons whomsoever.

Section 6.05. After-Acquired Property; Further Assurances; Recording.

All property of every kind, other than Excepted Property, acquired by the Company after the date hereof, shall, immediately upon the acquisition thereof by the Company, and without any further mortgage, conveyance or assignment, become subject to the lien of this Bond; subject, however, to the exceptions, if any, permitted by Section 5.02. Nevertheless, the Company will do, execute, acknowledge and deliver all and every such further acts, conveyances, mortgages, financing statements and assurances as the Bondholder shall require for accomplishing the purposes of this Bond.

The Company will cause this instrument and all supplemental Bonds and other instruments of further assurance, including all financing statements and continuation statements covering security interests in personal property, and all mortgages securing purchase money obligations delivered to the Bondholder or mortgagee to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, and will execute and file such financing statements and cause to be issued and filed such continuation statements, all in such manner and in such places as may be required by law fully to preserve and protect the rights of the Bondholders and the Bondholder hereunder to all property comprising

the Company Estate. The Company will furnish to the Bondholder:

A. promptly after the execution and delivery of this instrument and of each supplemental Bond or other instrument of further assurance, an Opinion of Counsel stating that, in the opinion of such Counsel, this instrument and all such supplemental Bonds and other instruments of further assurance have been properly recorded, registered and filed to the extent necessary to make effective the lien intended to be created by this Bond, and reciting the details of such action or referring to prior Opinions of Counsel in which such details are given, and stating that all financing statements and continuation statements have been executed and filed that are necessary fully to preserve and protect the rights of the Bondholders and the Bondholder hereunder, or stating that, in the opinion of such Counsel, no such action is necessary to make such lien effective; and

B. within 30 days after December 31 in each year beginning with the year 2006, an Opinion of Counsel, dated as of such date, either stating that, in the opinion of such Counsel, such action has been taken with respect to the recording, registering, filing, re-recording, re-registering and re-filing of this instrument and of all supplemental Bonds, financing statements, continuation statements or other instruments of further assurances as is necessary to maintain the lien of this Bond (including the lien on any property acquired by the Company after the execution and delivery of this instrument and owned by the Company at the end of the preceding calendar year) and reciting the details of such action or referring to prior Opinions of Counsel in which such details are given, and stating that all financing statements and continuation statements have been executed and filed that are necessary fully to preserve and protect the rights of the Bondholders and the Bondholder hereunder, or stating that, in the opinion of such Counsel, no such action is necessary to maintain such lien.

Section 6.06. Limitations on Liens; Payment of Taxes.

The Company will not create or incur or suffer or permit to be created or incurred or to exist any mortgage, lien, charge or encumbrance on or pledge of any of the Company Estate, prior to or upon a parity with the lien of this Bond except Permitted Encumbrances and except that:

A. The Company may create, incur or suffer to exist purchase money mortgages or other purchase money liens upon any real property purchased by the Company or acquire real property subject to mortgages and liens existing thereon at the date of acquisition, or acquire or agree to acquire and own personal property subject to or upon chattel mortgages, security agreements, conditional sales agreements or other title retention agreements; PROVIDED, that

(1) the principal amount of the Indebtedness secured by each such mortgage, lien or agreement shall not exceed 60% of the cost or fair value to the Company at the time of the acquisition thereof by the Company, whichever is less, of the property subject thereto, as determined by the Board of Directors,

(2) the aggregate principal amount of all Indebtedness of the Company at the time outstanding secured by such mortgages, liens and agreements (including extensions, renewals and replacements thereof, and also the indebtedness then being Incurred) shall not exceed an amount which unreasonably jeopardizes the payment stream required under this Bond.

B. The Company may modify, extend, renew or replace any mortgage, lien or agreement permitted by Subsection A above upon the same property theretofore subject thereto, or modify, replace, renew or extend the indebtedness secured thereby, PROVIDED that in any such case the principal amount of such indebtedness so modified, replaced, extended or renewed shall not be increased.

The Company will pay or cause to be paid as they become due and payable all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon the Company Estate or any part thereof or upon any income there from, and also (to the extent that such payment will not be contrary to any applicable

laws) all taxes, assessments and other governmental charges lawfully levied, assessed or imposed upon the lien or interest of the Bondholder or of the Bondholders in the Company Estate, so that (to the extent aforesaid) the lien of this Bond shall at all times be wholly preserved at the cost of the Company and without expense to the Bondholder or the Bondholders; provided, however, that the Company shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment or governmental charge to the extent that the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings and the Company shall have established and shall maintain adequate reserves on its books for the payment of the same.

Section 6.07. Maintenance of Properties.

The Company will cause all its properties used or useful in the conduct of its business to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent the Company from discontinuing the operation and maintenance of any of its properties if such discontinuance is, in the judgment of the Company desirable in the conduct of its business and not disadvantageous in any material respect to the Bondholders.

The Company will promptly classify, and record on its books, as retired, all property that has become no longer used or useful in the business of the Company.

Section 6.08. To Insure.

The Company will at all times keep all its property of an insurable nature and of the character usually insured by companies operating similar properties, insured in amounts customarily carried, and against loss or damage from such causes as are customarily insured against, by similar businesses.

All such insurance shall be effected with responsible insurance carriers, all policies or other contracts for such insurance upon any part of the Company Estate shall provide that the proceeds of such insurance (except in the case of any particular casualty resulting in damage or destruction not exceeding \$60,000 in the aggregate) shall be payable to the Bondholder as its interest may appear (by means of a standard mortgagee clause or other similar clause acceptable to the Bondholder, without contribution). Each policy or other contract for such insurance, or such mortgagee clause, shall contain an agreement by the insurer that, notwithstanding any right of cancellation reserved to such insurer, such policy or contract shall continue in force for the benefit of the Bondholder for at least 10 days after written notice to the Bondholder of cancellation. As soon as practicable after the execution of this Bond, and within 90 days after the close of each fiscal year thereafter, and at any time upon the request of the Bondholder, the Company will file with the Bondholder an Officers' Certificate containing a detailed list of the insurance in force upon the Company Estate on a date therein specified (which date shall be within 30 days of the filing of such Certificate), including the names of the insurers with which the policies and other contracts of insurance on the Company Estate are carried, the numbers, amounts and expiration dates of such policies and other contracts and the property and hazards covered thereby, and stating that the insurance so listed complies with this Section.

All proceeds of insurance received by the Bondholder shall be held and paid over or applied by the Bondholder as provided in Article Four.

All proceeds of any insurance on any part of the Company Estate not payable to the Bondholder shall be applied by the Company to the repair, rebuilding or replacement of the property destroyed or damaged or shall be deposited with the Bondholder to be held and paid over or applied by it as provided in Article Four.

Section 6.09. Corporate Existence.

Subject to Article Five, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Company shall not be required to preserve any right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Bondholders. The Company has various Affiliates and Subsidiaries which the Company covenants shall be responsible for the performance of the Company hereunder as if such Affiliates and Subsidiaries are signatories hereto.

Section 6.10. To Keep Books; Inspection by Bondholder.

The Company will keep proper books of record and account, in which full and correct entries shall be made of all dealings or transactions of or in relation to the Bonds and the properties, business and affairs of the Company in accordance with generally accepted accounting principles. The Company will at any and all times, upon the written request of the Bondholder and at the expense of the Company, permit the Bondholder by its representatives to inspect the plants and properties, books of account, records, reports and other papers of the Company, and to take copies and extracts there from, and will afford and procure a reasonable opportunity to make any such inspection, and the Company will furnish to the Bondholder any and all information as the Bondholder may reasonably request, with respect to the performance by the Company of its covenants in this Bond.

Section 6.11. Use of Trust Moneys and Advances by Bondholder.

If the Company shall fail to perform any of its covenants in this Bond, the Bondholder may, at any time and from time to time, use and apply any Trust Moneys held by it under Section 6.03, or make advances, to effect performance of any such covenant on behalf of the Company; and all moneys so used or advanced by the Bondholder, together with interest at the maximum rate then allowed by law, shall be repaid by the Company upon demand and such advances shall be secured under this Bond prior to this Bond. For the repayment of all such advances the Bondholder shall have the right to use and apply any Trust Moneys at any time held by it under Article Four but no such use of Trust Moneys or advance shall relieve the Company from any default hereunder.

Section 6.12. Statement as to Compliance.

The Company will deliver to the Bondholder, within 120 days after the end of each fiscal year, a written statement signed by the President or a Vice-President and by the Treasurer, an Assistant Treasurer; or the Controller or an Assistant Controller; stating, as to each signer thereof, that

A. a review of the activities of the Company during such year and of performance under this Bond has been made under his supervision, and

B. to the best of his knowledge, based on such review, the Company has fulfilled all its obligations under this Bond throughout such year, or, if there has been a default in the fulfillment of any such obligation, specifying each, such default known to him and the nature and status thereof.

ARTICLE SEVEN

REDEMPTION OF BONDS

Section 7.01 General Applicability of Article.

This Bond is redeemable before the Stated Maturity in accordance with this Article.

Section 7.02. Election to Redeem; Notice to Bondholder.

The election of the Company to redeem any portion of this Bond shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company of less than all the Outstanding Bonds of any series, the Company shall, at least 45 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Bondholder) notify the Bondholder of such Redemption Date and of the principal amount of the Bonds to be redeemed.

Section 7.03. Selection by Bondholders of Bonds to be Redeemed.

If less than all the Outstanding Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Bondholders from the Outstanding Bonds which have not previously been called for redemption. The Bondholders shall promptly notify the Company in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Section 7.04. Notice of Redemption.

Notice of redemption shall be given by the Company by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Bonds to be redeemed, at his address appearing in the Bond Register.

All notices of redemption shall state:

- A. the Redemption Date,
- B. the Redemption Price,
- C. the principal amount of Bonds to be redeemed, and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- D. that on the redemption Date the Redemption Price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said Date, and
- E. the place or places where the Bonds to be redeemed are to be surrendered for payment of the Redemption Price.

Section 7.05. Bonds Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (unless the Company shall default in the payment of the Redemption Price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Company at the Redemption Price. Installments of interest with a Stated Maturity on or prior to the Redemption Date shall be payable to the Holders of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 2.04.

Section 7.06. Bonds Redeemed in Part.

Any Bond which is to be redeemed only in part shall be surrendered to the Company, with due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Bondholder duly executed by, the Holder thereof or his attorney duly authorized in writing, and the Company shall execute and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of any authorized denomination or denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

FREEDOM BIBLE COLLEGE AND SEMINARY, CONCEPTS OF FREEDOM MINISTRIES, INC.

By: [Redacted]

[Redacted]

By: [Redacted]

[Redacted]

Freedom 105 Walnut Property Limited Partnership

DFM Bentonville LLC, General Partner

By: [Redacted]

[Redacted]

State of Arkansas
Benton County

On this the ___ day of May, 2006, before me, Kathleen Marshall, personally appeared Dr. Joel Philip Church, Dr. Vicki J. Church and Ms. Wanda L. Munson, known to me (or satisfactorily proven) to be the persons whose names are subscribed to this instrument and each acknowledged that they executed this instrument for the purposes herein contained.

In witness whereof I hereunto set my hand and official seal.

Kathleen Marshall
Notary Public

My Commission expires: 3-17-2014

STATE OF ARKANSAS
KATHLEEN MARSHALL
NOTARY PUBLIC
BENTON COUNTY
My Commission Expires 3-17-2014

FREEDOM BIBLE COLLEGE AND SEMINARY, CONCEPTS OF FREEDOM
MINISTRIES, INC.

PROPERTY BOND
IN THE
PRINCIPAL AMOUNT
OF
\$200,000
10.75%

Schedule 1

The real property that is subject to a mortgage under the
Property Bond:

Part of Lots 9 and 12, Block 5, the Original Town of Rogers,
Benton County, Arkansas, described as beginning 46 feet West of
the SE corner of said Lot 12; thence North 100 feet; thence West
24 feet; thence South 100 feet; thence East 24 feet to the place
of beginning, including an undivided one-half interest in the
masonry wall along the West side of the lands herein described.

Commitment for Title Insurance attached.

FREEDOM BIBLE COLLEGE AND SEMINARY, CONCEPTS OF FREEDOM
MINISTRIES, INC.

PROPERTY BOND
IN THE
PRINCIPAL AMOUNT
OF
\$200,000
10.75%

Exhibit A

Section 1.01. Definitions.

For all purposes of the Property Bond issued by Freedom Bible College and Seminary dated May 10, 2006e, except as otherwise expressly provided or unless the context otherwise requires:

A. The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

B. All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.

C. All references herein to "generally accepted accounting principles" refer to such principles as they exist as of May 10, 2006.

D. All references in this instrument to designated "Articles" "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Bond as originally executed.

E. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Bond as a whole and not to any particular Article, Section or other subdivision.

"Action" when used with respect to any Bondholder or Bondholders has the meaning stated in Section 1.02A.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authorized Newspaper " means a newspaper of general circulation in the relevant area, printed in the English language and customarily published on each business day, whether or not published on Saturdays, Sundays or holidays. Whenever successive weekly publications in an Authorized Newspaper are required hereunder they may be made (unless otherwise expressly provided herein) on the same or different days of the week and in the same or in different Authorized Newspapers.

"Board of Directors" means either the board of directors of the Company.

"Board Resolution" means a copy of a resolution certified by the

Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Bondholder" means Freedom 105 Walnut Property LP and any subsequent bearer of the Bond or a bond issued in full or partial replacement of the Bond.

"Bonds" has the meaning stated in the first recital of this instrument and also includes any bond authenticated and delivered in replacement of this Bond.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor corporation shall have become such pursuant to the applicable provisions of this Bond, and thereafter, "Company" shall mean such successor corporation.

"Company Request" means a request signed in the name of the Company by the Chairman of the Board, the President or a Vice-President, and by the Treasurer, an Assistant Treasurer, the Controller, an Assistant Controller, the Secretary or an Assistant Secretary of the Company, and delivered to the Trustee.

"Company Estate " has the meaning stated in the Granting Clauses.

"Default" means the occurrence and continuance of an Event of Default or an event which, after notice or lapse of time or both, would become an Event of Default.

"Defaulted Interest" has the meaning stated in Section 2.04.

"Event of Default" has the meaning stated in Article Four. An Event of Default shall "exist" if an Event of Default shall have occurred and be continuing.

"Excepted Property" has the meaning stated in the Granting Clauses.

"Holder" means a Bondholder.

"Interest Payment Dale" means the Stated Maturity of an installment of interest on the Bonds.

"Maturity" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration or call for redemption or otherwise.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President or a Vice-President, and by the Treasurer, an Assistant Treasurer, the Controller, an Assistant Controller, the Secretary or an Assistant Secretary of the Company, and delivered to the Trustee. Wherever the Bonds require that an Officers' Certificate be signed also by an Engineer or an Accountant or other expert, such Engineer, Accountant or other expert may (except as otherwise expressly provided in the Bond) be in the employ of the company and shall be acceptable to the Bondholders.

"Opinion of Counsel" means a written opinion of counsel who may (except as otherwise expressly provided in the Bond) be counsel for the Company and shall be acceptable to the Bondholders.

"Outstanding" when used with respect to Bonds means, as of the date of determination, all bonds theretofore authenticated and delivered, except:

(1) Bonds theretofore cancelled by the Company or delivered to the Company for cancellation;

(2) Bonds for whose payment of redemption money in the necessary amount has been theretofore deposited in trust or delivered to any Paying Agent for the Holders of such Bonds, PROVIDED that, if such Bonds are to be redeemed, notice of such redemption has been duly given or provision therefore satisfactory to the Bondholders has been made; and

(3) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered.

PROVIDED, HOWEVER, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the Company or any other obligor upon the Bonds or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding. Bonds so owned which have been pledged in good faith may be regarded as outstanding for such purposes if the pledgee establishes the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Company or any other obligor upon the Bonds or any affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Bonds on behalf of the Company.

"Permitted Encumbrances" means:

(1) as to the property specifically described in the Granting Clause, the restrictions, exceptions, reservations, conditions, limitations, interests and other matters which are set forth or referred to in such descriptions and each of which fits one or more of the descriptions in the Clauses of this definition;

(2) liens for taxes, assessments and other governmental charges not delinquent;

(3) liens for taxes, assessments and other governmental charges already delinquent which are currently being contested in good faith by appropriate proceedings, provided the Company shall have set aside on its books adequate reserves with respect thereto;

(4) mechanics' and material men's liens not filed of record and similar charges not delinquent, incident to current construction, and mechanics' and material men's liens incident to such construction which are filed of record but which are being contested in good faith and have not proceeded to judgment and as to which the Company shall have set aside on its books adequate reserves with respect thereto;

(5) mechanics', workmen's, repairmen's, material men's, warehousemen's and carriers' liens and other similar liens arising in the ordinary course of business for charges which are not delinquent, or which are being contested in good faith and have not proceeded to judgment and as to which the Company shall have set aside on its books adequate reserves with respect thereto;

(6) liens in respect of judgments or awards with respect to which the Company shall in good faith currently be prosecuting an appeal or proceedings for review and with respect to which the Company shall have secured a stay of execution pending such appeal or proceedings for review, provided the Company shall have set aside on its books adequate reserves with respect thereto;

(7) easements and rights granted by the Company under Section 3.02 and similar rights granted by any predecessor in title of the Company;

(8) easements, leases, reservations or other rights of others in any property of the Company for streets, roads, bridges, pipes, pipe lines, railroads, electric transmission and distribution lines, telegraph and telephone lines, the removal of oil, gas, coal or other minerals and other similar purposes, flood rights, river control and development rights, sewage and drainage rights, restrictions against pollution and zoning laws and minor defects and irregularities in the record evidence of title;

(9) liens securing indebtedness neither created, assumed nor guaranteed by the Company nor on account of which it customarily pays interest, existing at the date of this instrument, or, as to property hereafter acquired, at the time of acquisition by the Company, upon lands over which easements or rights of way are acquired by the Company for any of the purposes specified in Clause (8) of this definition, which liens do not materially impair the use of such easements or rights of way for the purposes for which they are held by the Company;

(10) rights reserved to, or vested in, any municipality or governmental or other public authority to control or regulate any property of the Company, or to use such property in any manner, which rights do not materially impair the use of such property, for the purposes for which it is held by the Company; and

(11) any obligations or duties, affecting the property of the Company, to any municipality or governmental or other public authority with respect to any franchise, grant, license or permit.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Predecessor Bonds " of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond; and, for purposes of this definition, any Bond authenticated and delivered under Section 2.03 in lieu of a lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

"Prior Lien" means any mortgage, lien, charge or encumbrance on or pledge of or security interest in any of the Company Estate prior to or upon a parity with the lien of this Bond, other than Permitted Encumbrances.

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to this Indenture.

"Redemption Price " when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to this Indenture. It includes the applicable premium, if any, but does not include installments of interest whose Stated Maturity is on or before the Redemption Date.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Fully Registered Bonds of any series means the date specified in the provisions of this Indenture creating such series.

"Special Record Date" for the payment of any Defaulted Interest (as defined in Section 3.09) on Fully Registered Bonds means a date fixed by

the Trustee pursuant to Section 3.09.

"Stated Maturity" when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond or the coupon representing such installment of interest as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

"Subsidiary" of any specified corporation means any corporation at least a majority of whose outstanding Voting Stock shall at the time be owned, directly or indirectly, by the specified corporation and/or by one or more of its Subsidiaries.

"Trust Moneys" has the meaning stated in Section 6.03.

"Vice-President" when used with respect to the Company or the Trustee means any vice-president, whether or not designated by a number or a word added to the title.

Acknowledged through initials:

Freedom Bible College and Seminary, Concepts of Ministries, Inc.
[Redacted] [Redacted] [Redacted]

Freedom 105 Walnut Property Limited Partnership
DFM Bentonville LLC
[Redacted] [Redacted]