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Eugene "Gene" Moore Fee: \$92.50
Cook County Recorder of Deeds
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After recording return to:

AFTER RECORDING, MAIL TO:
LaSalle Bank N.A.
4747 W. IRVING PARK RD. 3rd flr
Chicago, IL 60641

FIFTH AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AGREEMENT

THIS FIFTH AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AGREEMENT dated as of March 31, 2005 (this "Agreement") by and among ARMON, INC., a Delaware Corporation ("Armon"), F.E. MORAN, INC. SPECIAL HAZARD SYSTEMS, a Delaware corporation, F.E. MORAN, INC., an Illinois corporation, F.E. MORAN, INC. FIRE PROTECTION, an Illinois corporation, THERMODYNE MECHANICAL SERVICES, INCORPORATED, an Illinois corporation, FIRE PROTECTION INDUSTRIES, INC., an Illinois corporation, (together with their successors and assigns, hereinafter collectively referred to as "Borrower"), OWEN A. MORAN ("O. Moran"), BRIAN K. MORAN ("B. Moran"), BRIAN K. MORAN, as Trustee under the Owen A. Moran Trust Agreement dated September 14, 1984, JEAN B. MORAN and LASALLE BANK NATIONAL ASSOCIATION, successor by merger to LaSalle National Bank, successor trustee to LaSalle National Trust, N.A., not individually, but as Trustee under Trust Agreement dated March 28, 1999 and known as Trust No. 10-15781-08 (hereinafter collectively referred to as the "Mortgagors"), and LASALLE BANK NATIONAL ASSOCIATION, a national banking association (the "Bank");

WITNESSETH:

WHEREAS, one or more of Borrower, O. Moran, B. Moran, the Mortgagors, and the Bank heretofore entered into the following documents (collectively, the "Company Loan Documents");

(i) Second Amended and Restated Loan Agreement dated as of January 28, 2000, by and between Borrower and the Bank (as the same is amended from time to time, the "Company Loan Agreement");

(ii) Third Amended and Restated Revolving Loan Note in the Principal amount of \$9,000,000 dated July 1, 2003 (the "Revolving Note"), Term Loan Note in the

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principal amount of \$5,000,000 dated January 28, 2000 (the "Term Loan Note"), and (iii) Equipment Loan Conversion Note in the principal sum of \$272,222.27 dated January 28, 2000 (the "Equipment Loan Conversion Note"), dated January 28, 2000, and each from Borrower to the Bank (collectively, the Notes");

(iii) Mortgage made to Columbia National Bank of Chicago ("Columbia"), to which the Bank is successor, by Brian K. Moran, as Trustee under a trust agreement dated September 14, 1984 and Jean B. Moran, dated April 25, 1995 (the "Company Winnetka Mortgage") and recorded in the office of the Cook County, Illinois Recorder of Deeds on June 21, 1995, as Document No. 95399793, of the property described as Tract 1 on Exhibit A hereto, which property is located at 15 Woodley Drive, Winnetka, Illinois 60093;

(iv) Junior Mortgage and Security Agreement made to Columbia, to which the Bank is successor, by the Bank as Trustee under a trust agreement dated March 28, 1969, and known as Trust No. 10-15781-08, dated April 25, 1995 (the "Company Northbrook Mortgage") and recorded in the office of the Cook County, Illinois Recorder of Deeds on June 21, 1995, as Document No. 95399795, of the property described as Tract 2 on Exhibit A hereto, which property is located at 2265 Carlson, Northbrook, Illinois, 60062;

(v) Mortgage and Security Agreement made to Columbia, to which the Bank is successor, by Owen A. Moran, dated April 25, 1995 (the "Company Berrien County Mortgage") and recorded in the office of the Register of Deeds of Berrien County, Michigan on June 22, 1995, at LIBER 1696, page 595, of the property described as Tract 3 on Exhibit A hereto, which property is located in Benton Harbor, Michigan;

(vi) Mortgage and Security Agreement made to Columbia, to which the Bank is successor, by Owen A. Moran and Jean B. Moran, dated April 25, 1995 (the "Company Allegan County Mortgage") and recorded in the office of the Register of Deeds of Allegan County, Michigan on June 27, 1995, at LIBER 1525, page 309, of the property described as Tract 4 on Exhibit A hereto;

(vii) Junior Assignment of Rents and of Lessor's Interest in Leases (the "Company Northbrook Assignment") made by the Bank as trustee under a trust agreement dated March 28, 1969 and known as Trust No. 10-15781-08 and Brian K. Moran as Trustee under a trust agreement dated September 18, 1984, dated April 25, 1995 and recorded in the office of the Cook County, Illinois Recorder of Deeds on June 21, 1995, as Document No. 95399796, for the property described as Tract 2 on Exhibit A hereto, which property is located at 2265 Carlson Drive, Northbrook, Illinois, 60062;

(viii) Assignment of Rents and of Lessor's Interest in Leases (the "Company Winnetka Assignment") made by Brian K. Moran as Trustee under a trust agreement dated September 18, 1984, dated April 25, 1995 and recorded in the office of the Cook County, Illinois Recorder of Deeds as Document No. 95399794, for the property

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described as Tract 1 on Exhibit A hereto, which property is located at 15 Woodley Drive, Winnetka, Illinois 60093;

(ix) Assignment of Rents and of Lessor's Interest in Leases (the "Company Michigan Assignment", and collectively with the Northbrook Assignment and the Winnetka Assignment, the "Company Assignments of Rents") made by Owen A. Moran, dated April 25, 1995 and recorded in the office of the Register of Deeds of Berrien County, Michigan on June 22, 1995, at LIBER 1696, page 631, for the property described as Tract 3, in Exhibit A hereto, which property is located in Benton Harbor, Michigan;

(x) Junior Collateral Assignment of Beneficial Interest and Security Agreement dated as of March 1, 1993, as modified and amended, including, without limitation, as modified and amended by that certain Amendment to Junior Collateral Assignment of Beneficial Interest made by Brian K. Moran, as Trustee under a trust agreement dated September 18, 1984 and the Bank, dated April 25, 1995 (collectively, the "Company ABJ");

(xi) Amended and Restated Security Agreements dated as of February 15, 1998, from each of the entities constituting Borrower (collectively, the "Company Security Agreements");

(xii) Guaranty Agreement of O. Moran in favor of the Bank, dated April 25, 1995, as amended and reaffirmed from time to time (the "O. Moran Guaranty");

(xiii) Pledge and Security Agreement of Owen A. Moran dated July 29, 1998, from Guarantor to the Bank, as amended by the First Amendment to Pledge and Security Agreement of Owen A. Moran dated as of July 9, 1999, and the Second Amendment to Pledge and Security Agreement of Owen A. Moran dated as of July 19, 1999 (collectively, the "Company Pledge Agreement");

(xiv) Subordination Agreement dated April 25, 1995 (the "Company Subordination Agreement"), by and among Brian K. Moran, not personally, but as Trustee under Trust Agreement dated September 14, 1984, and Jean B. Moran, and Columbia National Bank of Chicago, to which the Bank is successor, as junior mortgagee and senior mortgagee, recorded in the office of the Cook County, Illinois Recorder on July 6, 1995, as Document No. 95437723;

(xv) Environmental Indemnity Agreement dated as of April 25, 1995 from Armon and O. Moran to Columbia National Bank of Chicago, to which the Bank is successor; and

(xvi) Pledge Agreement dated as of January 25, 2000 (the "Guarantor Pledge Agreement"), from O. Moran to the Bank; and

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(xvii) Guaranty Agreement of B. Moran in favor of the Bank, dated July 1, 2003, as amended and reaffirmed from time to time (the "B. Moran Guaranty"); and

(xviii) Amended and Restated Security Agreements dated as of July 1, 2003 (the "Amended Security Agreements") from each of the entities comprising Borrower to the Bank; and

WHEREAS, certain of the Company Loan Documents have been previously modified and amended by that certain Modification Agreement dated as of January 28, 2000 (the "First Modification Agreement"), and by that certain First Amendment to Second Amended and Restated Loan Agreement dated as of May 25, 2000 (the "Company First Amendment"), that certain Second Amendment to Second Amended and Restated Loan Agreement dated as of July 1, 2001 (the "Company Second Amendment"), that certain Third Amendment to Second Amended and Restated Loan Agreement dated as of July 1, 2003 (the "Company Third Amendment"), and that certain Fourth Amendment to Second Amended and Restated Loan Agreement dated as of October 8, 2004 (the "Company Fourth Amendment"), and collectively with the Company First Amendment, the Company Second Amendment and the Company Third Amendment, the "Prior Company Amendments"; and

WHEREAS, one or more of O. Moran, the Mortgagors, and the Bank heretofore entered into the following documents (collectively the "Moran Loan Documents") in connection with certain loans and extensions of credit to O. Moran:

(i) Loan Agreement dated as of March 1, 1993 entered into between O. Moran and the Bank, as amended from time to time (the "Moran Loan Agreement");

(ii) Junior Mortgage dated as of March 1, 1993 (the "Moran Winnetka Mortgage"), as modified from time to time, made by Theodore A. Pasquesi and Brian K. Moran as trustees under agreement dated September 14, 1984 and Jean B. Moran, to Columbia, to which the Bank is successor, recorded in the Office of the Recorder of Deeds of Cook County, Illinois, as Document No. 93186203 on property commonly known as 15 Woodley Drive, Winnetka, Illinois and legally described as Tract 1 on Exhibit A attached hereto;

(iii) Mortgage and Security Agreement dated as of March 1, 1993 (the "Moran Northbrook Mortgage"), as modified from time to time, made by LaSalle National Trust N.A., not individually but as Trustee under Trust Agreement dated March 28, 1969, and known as Trust No. 10-15781-08 ("Land Trust"), to Columbia, to which the Bank is successor, recorded in the Office of the Recorder of Deeds of Cook County, Illinois as Document No. 93186201 and legally described as Tract 2 on Exhibit A attached hereto;

(iv) Junior Assignment of Rents and of Lessor's Interest in Leases dated as of March 1, 1993 (the "Moran Winnetka Assignment"), as modified from time to time, made by Theodore A. Pasquesi and Brian K. Moran as trustees under agreement dated

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September 14, 1984 and Jean B. Moran, recorded in the Office of the Recorder of Deeds of Cook County, Illinois as Document Number 93186204;

(v) Assignment of Rents and of Lessor's Interest in Leases dated as of March 1, 1993 (the "Moran Northbrook Assignment"), as modified from time to time, made by the Land Trust and Theodore A. Pasquesi and Brian K. Moran as trustees under agreement dated September 14, 1984, recorded in the Office of the Recorder of Deeds of Cook County, Illinois as Document Number 93186202;

(vi) Collateral Assignment of Beneficial Interest and Security Agreement dated as of March 1, 1993 (the "Moran ABI"), as amended from time to time, made by Theodore A. Pasquesi and Brian K. Moran, as Trustees, to Columbia, to which the Bank is successor, collaterally assigning the beneficial interest in the Land Trust;

(vii) Security Agreement and Hypothecation Agreement dated as of March 1, 1993 (the "Moran Hypothecation Agreement") made by O. Moran in favor of Columbia, to which the Bank is successor, as amended from time to time;

(viii) Security Agreement and Pledge Agreement dated as of December 9, 1994 (the "Moran Security Agreement") made by O. Moran in favor of Columbia, to which the Bank is successor, as amended from time to time;

(ix) Mortgage and Security Agreement dated April 25, 1995 (the "Moran Berrien County Mortgage"), as amended by Owen A. Moran (and subsequently joined in by Jean B. Moran pursuant to the First Modification Agreement), and recorded in the Office of the Register of Deeds of Berrien County, Michigan on June 22, 1995, at LIBER 1696, page 595, of the property located in Benton Harbor, Michigan, and legally described as Tract 3 on Exhibit A hereto;

(x) Mortgage and Security Agreement dated April 25, 1995 (the "Moran Allegan County Mortgage"), as amended, by Owen A. Moran and Jean B. Moran, and recorded in the Office of the Register of Deeds of Allegan County, Michigan on June 27, 1995, at LIBER 1523, page 309, of the property commonly known as 32 and 42 North Shore Drive, South Haven, Michigan, and legally described as Tract 4 on Exhibit A hereto;

(xi) Assignment of Rents and of Lessor's Interest in Leases, as amended, made by Owen A. Moran, dated April 25, 1995 (the "Moran Berrien County Assignment"), and recorded in the office of the Register of Deeds of Berrien County, Michigan on June 22, 1995, at LIBER 1696, page 631, for the property described as Tract 3, in Exhibit A hereto, which property is located in Benton Harbor, Michigan; and

(xii) Various Stock Powers (the "Moran Stock Powers") executed by O. Moran; and

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WHEREAS, certain of the Moran Loan Documents were previously modified by that certain Modification Agreement dated as of December 9, 1994, further amended by that certain Second Modification Agreement dated as of April 10, 1996; further amended by that certain Third Modification Agreement dated as of January 10, 1997; further amended by that certain Fourth Modification Agreement dated as of July 29, 1998; further amended by that certain Fifth Modification Agreement dated as of July 9, 1999, further amended by that certain Sixth Modification Agreement dated as of July 9, 2000 (the "Sixth Moran Modification Agreement"), further amended by the Seventh Modification Agreement dated as of April 1, 2002, further amended by the Eighth Modification Agreement dated as of January 1, 2003, further amended by the Ninth Modification Agreement dated as of March 31, 2004, and further amended by the Tenth Modification Agreement dated as of March 31, 2005 (collectively, the "Prior Moran Modifications"); and

WHEREAS, pursuant to the Sixth Moran Modification Agreement, the Moran Loan Documents were amended to secure the Company Loan Agreement and all indebtedness of Borrower thereunder, as well as the Moran Loan Agreement and all indebtedness of O. Moran thereunder; and pursuant to the Company Loan Agreement and the First Modification Agreement, the Company Loan Documents were amended to secure the Company Loan Agreement and all indebtedness of Borrower thereunder, as well as the Moran Loan agreement and all indebtedness of O. Moran thereunder; and

WHEREAS, pursuant to the Company Third Amendment, Borrower, O. Moran, the Mortgagors and the Bank agreed that the Company Winnetka Mortgage, the Company Berrien County Mortgage, the Company Winnetka Assignment, the Company Michigan Assignment, the Company Pledge Agreement, the Guarantor Pledge Agreement, the Moran Winnetka Mortgage, the Moran Winnetka Assignment, the Moran Hypothecation Agreement, the Moran Security Agreement, the Moran Berrien County Mortgage, the Moran Berrien County Assignment and the Moran Stock Powers would no longer directly secure the Liabilities of Borrower to the Bank under the Company Loan Agreement and the other Company Loan Documents; provided that such documents will continue to secure all of the obligations of O. Moran to the Bank, including, without limitation, the obligations arising under the Moran Loan Agreement and the other Moran Loan Documents, except for his obligations to the Bank under the Moran Guaranty, and all of the Company Loan Documents and the Moran Loan Documents were modified and amended accordingly;

WHEREAS, pursuant to the Third Amendment, the parties have agreed that, upon satisfaction of certain conditions precedent which have been satisfied as of the date hereof, the Company Loan Documents and the Moran Loan Documents which encumber the real estate and improvements encumbered by the Company Allegan County Mortgage, being the real estate described as Tract 4 in Exhibit A attached hereto, shall no longer secure the Liabilities of Borrower to the Bank under the Company Loan Agreement and the other Company Loan Documents; provided that such documents will continue to secure all of the obligations of O. Moran to the Bank, including, without limitation, the obligations of O. Moran arising under the Moran Loan Agreement and the other Moran Loan Documents, except for his obligations to the Bank under the Moran Guaranty; and

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WHEREAS, the parties have previously agreed that the Company Northbrook Mortgage, the Company Northbrook Assignment, the Company ABI, the Moran Northbrook Mortgage, the Moran Northbrook Assignment and the Moran ABI will no longer directly secure the Liabilities of O. Moran to the Bank under the Moran Loan Agreement and the other Moran Loan Documents; provided that such documents will continue to secure all of the obligations of Borrower to the Bank, including, with out limitation, the obligations arising under the Company Loan Agreement and the other Company Loan Documents; and

WHEREAS, in connection with this Agreement, the parties have further agreed that the Company Winnetka Mortgage, the Company Winnetka Assignment, Moran Winnetka Mortgage and the Moran Winnetka Assignment shall once again secure the Liabilities of Borrower to the Bank under the Company Loan Agreement and the other Company Loan Documents, as well as the Obligations of O. Moran to the Bank under the Moran Guaranty, and shall cease to secure the obligations of O. Moran under the Moran Loan Documents; and

WHEREAS, pursuant to the Company Third Amendment, the parties have agreed that, upon satisfaction of certain conditions precedent which have been satisfied as of the date hereof, the interest rates applicable to the Loans under the Company Loan Agreement would be reduced; and

WHEREAS, the Equipment Loan and the Term Loan previously funded under the Company Loan Agreement have been repaid; and

WHEREAS, certain of the Company Loan Documents and the Moran Loan Documents encumber the real estate described in Exhibit A attached hereto and the personal property located thereon; and

WHEREAS, Borrower, O. Moran, B. Moran, the Mortgagors and the Bank have agreed to amend the Company Loan Agreement to (i) provide for the making of a new term loan in the principal amount of \$2,000,000, (ii) confirm reduction of the interest rate applicable to the Revolving Loan, and (iii) revise certain financial covenants, and to amend the Company Loan Documents and the Moran Loan Documents to change or reaffirm the obligations secured thereby, all upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Recitals Part of Agreement; References to Company Loan Documents and Moran Loan Documents; Defined Terms; Effectiveness of Agreement. The foregoing recitals are hereby incorporated into and made a part of this Agreement. Except as otherwise stated herein, all references in this Agreement to any one or more of the Company Loan Documents or the Moran Loan Documents shall be deemed to include all previous modifications and amendments to the Company Loan Documents and Moran Loan Documents, under and pursuant to the First Modification Agreement, the Prior Company Amendments and the Prior Moran

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Modifications, whether or not express reference is made to such previous modifications and amendments. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Company Loan Agreement. This Agreement shall be and become effective only upon execution and delivery hereof by all parties hereto and satisfaction of the conditions precedent set forth herein.

Section 2. New Term Loan. The Bank agrees to make a new Term Loan to Borrower in the principal sum of \$2,000,000 (the "New Term Loan") under the Company Loan Agreement as modified and amended hereby. In order to provide for the New Term Loan, the Company Loan Agreement is hereby modified and amended as follows:

The following new defined terms are hereby added to Section 1.1 of the Company Loan Agreement and inserted therein in alphabetical order:

"New Term Loan" means the \$2,000,000 term loan made by the Bank to Borrower evidenced by the New Term Loan Note.

"New Term Loan Balance" means the aggregate unpaid principal balance of New Term Loan outstanding from time to time.

"New Term Loan Maturity Date" means April 15, 2010.

"New Term Loan Note" means the Term Loan Note of Borrower dated April 15, 2004, in the principal sum of \$2,000,000, evidencing the New Term Loan, as the same may be replaced, amended, modified, supplemented or restated from time to time, together with any renewals thereof or exchanges or substitutions therefor.

"New Term Loan Rate" means, with respect to the New Term Loan, a per annum rate of interest equal to (i) the Prime Rate minus 25 basis points on all or that portion of the New Term Loan Balance which is a Prime Rate Loan, and (ii) LIBOR plus the Applicable Margin for each one month Interest Period on all or each portion of the New Term Loan Balance that is a LIBOR Rate Loan.

The following defined terms in Section 1.1 of the Company Loan Agreement are hereby amended in their entirety and restated as follows:

"Conversion/Continuation Date" means any date on which, (i) under Section 2.2.1, Borrower (a) converts Revolving Loans from one Type to another Type, or (b) elects that the Revolving Loans continue as the same Type, but with a new Interest Period, or (ii) under Section 3.4, Borrower (a) converts all or part of the New Term Loan from one Type to another Type, or (b) elects to continue all or any portion of the New Term Loan as a LIBOR Rate Loan.

"Interest Period" means, as to a LIBOR Rate Loan, the period commencing on the Business Day the LIBOR Loan, the Term Loan or the New

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Term Loan is disbursed or on the Conversion/Continuation Date on which the such Loan is converted into or continued as a LIBOR Rate Loan, and ending on the date, in the case of a Revolving Loan, one, two or three months thereafter as selected by Borrower in its Notice of Conversion/Continuation, and in the case of the Term Loan and the New Term Loan, one month thereafter; provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless, in the case of a LIBOR Rate Loan, the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period applicable to any Revolving Loan, Term Loan or New Term Loan or portion thereof shall extend beyond any date upon which is due any scheduled principal payment in respect of such Loan unless the aggregate principal amount of the Loan represented by the Prime Rate Loans, in the case of Revolving Loans or portion of the New Term Loan, or, in the case of Revolving Loans, the Term Loan or the New Term Loan, by the LIBOR Rate Loans having interest periods that will expire on or before such date, equals or exceeds the amount of the principal payment.

“**Loan(s)**” means (i) collectively, the Revolving Loans and individually, any Revolving Loan and (ii) the Equipment Loan, the Term Loan and the New Term Loan and any portion of any of them.

“**Loan Documents**” means this Agreement, the Notes, the Collateral Documents, the Related Documents and all other documents delivered to the Bank in connection herewith, in each case, as modified and amended from time to time.

“**Notes**” means the Third Amended and Restated Revolving Note dated (amended and restated) July 1, 2003, in the principal amount of \$9,000,000, the Equipment Loan Note, the Equipment Loan Conversion Note, the Term Note and the New Term Loan Note, each as replaced, amended, modified, supplemented or restated from time to time, together with any renewals thereof or exchanges or substitutions therefor.

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“Personal and Investment Property” means those certain parcels of real estate owned by any Borrower, Guarantor or any Affiliate of any of them which are pledged as Collateral.

“Type” means the Revolving Loan, whether a Prime Rate Loan or a LIBOR Loan, the New Term Loan, whether a Prime Rate Loan or a LIBOR Loan or the Equipment Loan or Term Loan, as the case may be.

Subparagraph (d) of the defined term Borrowing Base in Section 1.1 of the Company Loan Agreement is hereby amended in its entirety and restated as follows:

(d) with respect to those parcels of **Personal and Investment Property** which constitute collateral security for the Loans, whether pledged by the Borrower, a Guarantor or an Affiliate of any of them, in an amount equal to seventy-five percent (75%) of the net fair market value of the Personal and Investment Property as determined by reference to an appraisals prepared for and satisfactory in form and substance to the Bank, less any liens, claims or obligations of any Person which are senior in priority to the Lien granted to the Bank pursuant to this Agreement.

Section 2.1 of the Company Loan Agreement is hereby amended in its entirety and restated as follows:

2.1 Revolving Loan Commitment. On the terms and subject to the conditions set forth in this Agreement, Bank agrees to make Revolving Loans to Borrower from time to time before the Revolving Loan Commitment Termination Date in such aggregate amounts as Borrower may from time to time request but not exceeding at any one time outstanding the lesser of (i) the Borrowing Base for Revolving Loans minus the Letter of Credit Reserve (if applicable) and minus the New Term Loan Balance, or (ii) \$9,000,000.00 (such lesser amount being hereinafter referred to as the “Maximum Revolving Loan Commitment”). Borrower shall have the right to repay and reborrow any of the Revolving Loans; provided, however, that it shall be a condition precedent to any reborrowing that as of the date of any reborrowing all of the conditions to borrowing set forth in Section 13.2 shall be satisfied and all representations and warranties made herein shall be true and correct in all material respects as of such date.

New Section 3.3 and 3.4 are hereby added to the Company Loan Agreement to read as follows:

3.3 New Term Loan. On the terms and conditions set forth in this Agreement, the Bank agrees to make the New Term Loan. The New Term Loan will be evidenced by the New Term Loan Note and secured by the Collateral.

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3.4 Conversion Procedures, Prime Rate Loan and LIBOR Rate Loan Applicable to the New Term Loan. The following provisions of this Section 3.4 shall apply to the New Term Loan, and the provisions of Section 2.1.1 shall not apply to the New Term Loan.

(a) **Election.** Pursuant to the procedure set forth herein, Borrower may from time to time elect (i) that all or a portion of the New Term Loan Balance, in a minimum amount of \$200,000 and in any integral multiple of \$50,000 in excess of \$200,000, be converted from a Prime Rate Loan into a LIBOR Rate Loan, or (ii) that all or a portion of the New Term Loan Balance be converted from a LIBOR Rate Loan into a Prime Rate Loan (without regard to any aggregate minimum amount so long as each remaining outstanding LIBOR Rate Loan is in an aggregate minimum amount of \$200,000 and in an integral multiple of \$50,000 in excess thereof). Borrower's election to convert a Prime Rate Loan to a LIBOR Rate Loan shall be made by delivery to the Bank, at least two Business Days prior to the date of the proposed conversion, of a Notice of Conversion/Continuation specifying amount of the LIBOR Rate Loan, the Conversion/Continuation Date and the last day of the Interest Period to be applicable to such Loan (which shall be one month following the Conversion/Continuation Date). A Notice of Conversion/Continuation when given shall be irrevocable. No portion of the outstanding principal amount of the New Term Loan may be converted into a LIBOR Rate Loan while any Event of Default or Default has occurred and is continuing. There may be no more than two tranches of LIBOR Rate Loans outstanding at any time with respect to the New Term Loan.

(b) **Continuation.** If any LIBOR Rate Loan is to continue as a LIBOR Rate Loan after the end of the current Interest Period for such LIBOR Rate Loan, the Borrower shall give the Bank notice thereof by delivering to the Bank, at least two Business Days prior to the end of the current Interest Period for such LIBOR Rate Loan, a Notice of Conversion/Continuation setting forth the last day of the succeeding Interest Period which is to commence on the Conversion/Continuation Date with respect to such LIBOR Rate Loan (which shall be one month following the Conversion/Continuation Date). A Notice of Conversion/Continuation when given shall be irrevocable. If no such notice is received, such LIBOR Rate Loan shall thereafter bear interest as a Prime Rate Loan. No portion of the outstanding principal amount of the New Term Loan may be continued as a LIBOR Rate Loan on any

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Conversion/Continuation Date while any Event of Default or Default has occurred and is continuing.

(c) Special Provisions Relating to LIBOR Rate Loans.

In the event that (i) deposits in Dollars in amounts and at a maturity required to fund a requested LIBOR Rate Loan will not be available to the Bank, (ii) the Bank shall have determined (which determination shall be conclusive and binding) that by reason of circumstances affecting the London interbank market, adequate and reasonable means do not exist for ascertaining LIBOR, (iii) the Bank shall have determined (which determination shall be conclusive and binding) that LIBOR will not adequately and fairly reflect the cost to the Bank of maintaining or funding LIBOR Rate Loans, or (iv) the Bank shall have determined (which determination shall be conclusive and binding) that the introduction or any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful for the Bank to make, continue or maintain any LIBOR Rate Loan as, or convert any Prime Rate Loan into, a LIBOR Rate Loan, and the Bank shall have made the same determination with respect to all other loans of comparable size and maturity made by the Bank based upon LIBOR ("Other LIBOR Loans"), the Bank shall promptly give written notice of such event to Borrower. If such notice is given, and until such notice has been withdrawn by the Bank, no additional LIBOR Rate Loans shall be made by the Bank and any existing LIBOR Rate Loans shall bear interest at the applicable rate for Prime Rate Loans, so long as all Other LIBOR Loans bear interest at rates of interest determined other than by reference to LIBOR.

Sections 6.1 and 6.2 of the Company Loan Agreement are hereby amended in their entirety and restated as follows:

6.1 Notes. The Revolving Loan shall be evidenced by Revolving Note, the Term Loan shall be evidenced by the Term Loan Note the New Term Loan shall be evidenced by the New Term Note and the Equipment Loans shall be evidenced by the Equipment Loan Conversion Note. Prior to the Closing Date the Revolving Loans are evidenced by the Revolving Note I and the Revolving Note II and the Equipment Loans are evidenced by the Equipment Loan Note. The date and amount of each Revolving Loan made by Bank and of each repayment of principal and interest on the Revolving Loan, Term Loan, New Term Loan and the Equipment Loan received by Bank shall be separately recorded by Bank in its records. The Revolving Loan Balance, Term Loan Balance, the New Term Loan Balance and the Equipment Loan Balance reflected in the Bank's records, as of any time shall be rebuttable presumptive evidence of the Revolving Loan

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Balance, Term Loan Balance, New Term Loan Balance and the Equipment Loan Balance, as applicable, as of such time. The failure so to record any such amount or any error in so recording any such amount, however, shall not limit or otherwise affect Borrower's obligations hereunder or under the Notes to repay the principal amount of the Revolving Loan, the Term Loan the New Term Loan and the Equipment Loan together with all interest accruing thereon.

6.2 Interest; Due Date Extension. The Revolving Note, Term Note, New Term Note and the Equipment Note Conversion Note shall provide for the payment of interest as provided in Section 7. If any payment of principal of, or interest on, the Revolving Note, the Term Note, New Term Note or the Equipment Loan Conversion Note falls due on a day that is not a Business Day, then such due date shall be extended to the next following Business Day, and additional interest shall accrue and be payable for the period of such extension.

A new Section 7.1.6 is hereby added to the Company Loan Agreement to read as follows:

7.1.6 New Term Loan. Except as provided in Section 7.1.5, Borrower shall pay interest on the New Term Loan at the New Term Loan Rate.

Section 7.2 of the Company Loan Agreement is hereby amended in its entirety and restated as follows:

7.2 Interest Payment Dates. Except as provided in Section 8.4, accrued and unpaid interest on each Loan shall be payable as follows:

(i) with respect to any Prime Rate Loan, on the fifth (5th) Business Day of each month and at maturity, commencing, in the case of the Revolving Loans on the fifth (5th) Business Day of March, 2000, and commencing, in the case of the New Term Loan, on the fifth (5th) Business day of May, 2005, on each Conversion Date on which the Prime Rate Loan is converted to a LIBOR Rate Loan, and on the Revolving Loan Commitment Termination Date, the Equipment Loan Maturity Date, and the New Term Loan Maturity Date as applicable; and

(ii) with respect to any LIBOR Rate Loan, each Continuation/Conversion Date and at maturity.

New Sections 8.1.4 and 8.2.4 are hereby added to the Company Loan Agreement to read as follows:

8.1.4 New Term Loan. The Borrower shall make principal payments on the New Term Loan in the amount of \$33,333.33 on the fifth (5th) Business Day of each month commencing May 6, 2005, along with interest payable in

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accordance with Section 7.1.6 and Section 7.2. The unpaid principal balance of the Loan shall be due and payable (together with interest accrued thereon) on the New Term Loan Maturity Date.

8.2.4 Term Loan. The Borrower may from time to time prepay the New Term Loan in whole or in part without premium or penalty; provided, however, that partial prepayments shall be in a minimum amount of \$100,000 or any multiple of \$25,000 in excess thereof to be applied to the outstanding principal balance of the New Term Loan in the inverse order of the maturity of the installments thereof.

Section 11.6 of the Company Loan Agreement is hereby amended in its entirety and restated as follows:

11.6 Limits on Loan Balances. Subject to Section 8.3, not permit the sum of the Revolving Loan Balance plus the Letter of Credit Reserve plus the New Term Loan Balance at any time to exceed the Borrowing Base as of such time, and not permit the Revolving Loan Balance at any time to exceed the limits set forth in Section 2.1 hereof.

Section 3. New Term Loan Note. The New Term Loan shall be evidenced and secured by a term loan note in the form attached hereto as Exhibit B, which upon completion and execution shall be the New Term Loan Note under and as defined in the Company Loan Agreement. The Borrower shall execute and deliver the New Term Loan Note as a condition precedent to the effectiveness of this Agreement.

Section 4. Confirmation of Reduction in Interest Rate. The parties acknowledge and agree that the conditions precedent to reduction in the interest rates on the Loans contained in Section 14 of the Company Third Amendment have been satisfied, and that the Applicable Margin has been reduced from 2.5% to 225 basis points, and the interest rate on the Prime Rate Loans has been reduced from the Prime Rate to the Prime Rate minus 25 basis points, in each case unless the Default Rate is in Effect. Without limitation of the generality of the foregoing, the defined term Applicable Margin in Section 1.1 of the Company Loan Agreement is hereby amended in its entirety and restated as follows:

“Applicable Margin” with respect to the LIBOR Rate Loans, at any time other than during a Default Period, 225 basis points.

Section 5. Amendment of Certain Financial Covenants. Section 8.3.2 of the Company Loan Agreement is hereby deleted, and Sections 11.8, 11.9, 11.10 and 11.11 are hereby amended in their entirety and restated as follows:

11.8 Ratio of Total Liabilities to Tangible Net Worth. As of the end of each fiscal quarter of Borrower commencing June 30, 2004, not suffer or permit the ratio of Borrower's Total Liabilities to Tangible Net Worth,

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determined on a consolidated basis to exceed 8.0 : 1.0, and on and after June 30, 2005 to exceed 6.75 : 1.0. For purposes hereof, "Total Liabilities" shall mean total liabilities as reflected on the consolidated balance sheet of Borrower prepared in accordance with GAAP.

11.9 Debt Service Coverage Ratio. As of the end of each of Borrower's fiscal years, commencing December 31, 2004,, the ratio consisting of a numerator of EBITDA and a denominator of scheduled debt service (including scheduled interest and principal payments on long term debt (whether at maturity, as a result of mandatory sinking fund redemption, mandatory prepayment or otherwise)) for all Indebtedness for such period shall not be less than 1.20 to 1.

11.10 Minimum Retained Net Income. On an annual basis tested at the end of each of Borrower's fiscal years commencing December 31, 2004, Borrower's Retained Net Income shall not be less than \$500,000.00. For purposes of this Section 11.10, the term "Retained Net Income" for any fiscal year shall mean net income for the fiscal year determined in accordance with GAAP less all distributions to stockholders other than distributions to stockholders in connection with tax liabilities arising in connection with the Borrower's status as a corporation under Subchapter S of the Code, and distributions authorized by the Bank in writing;

11.11 Purchase and Redemption of Borrower's Securities; Dividend and Interest Restrictions. Not purchase or redeem any shares of Borrower's capital stock or any options or warrants with respect thereto, declare or pay any dividends thereon (other than dividends paid in the form of shares of capital stock other than stock which constitutes Indebtedness or in accordance with existing agreements as of the date hereof) make any distribution or payment to stockholders or holders of options or warrants in respect of Borrower's capital stock or set aside any funds for any such purpose (other than distributions to stockholders in connection with tax liabilities arising in connection with the Borrower's status as a corporation under Subchapter S of the Code) unless Borrower is in compliance with Sections 11.8 and 11.10 above in which such case Borrower may declare or pay dividends to shareholders without restriction; except that notwithstanding the foregoing, the Borrower may:

(a) declare and make cash dividend payments or other distributions on its common stock held by the ESOP (but not on any shares held outside the ESOP unless such shares were distributed to former ESOP participants) in an amount sufficient to allow the ESOP to pay principal and interest on the ESOP Note and to pay administrative expenses of the ESOP; or

(b) to the extent required by law, make redemptions of Armon Stock distributed to ESOP participants and beneficiaries.

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and a new Section 11.26 is hereby added to the Company Loan Agreement to read as follows:

11.26 Payments on Subordinate Debt. Borrower shall not make any payments of principal or interest on any subordinated debt at any time Borrower is not in full compliance with the covenants contained in Sections 11.6, 11.7, 11.8, 11.9 and 11.10 hereof.

Section 6. Outstanding Credit Facilities under the Company Loan Agreement and the Moran Loan Agreement. The parties acknowledge and agree that the credit facilities under the Company Loan Agreement as of the date hereof consist of a \$9,000,000 Revolving Loan Facility, evidenced by that certain \$9,000,000 Third Amended and Restated Revolving Loan Note of Borrower dated (amended and restated) July 1, 2003, a \$2,800,000 Letter of Credit Facility and the \$2,000,000 New Term Loan, evidenced by the \$2,000,000 Term Note of Borrower dated March 31, 2005 (collectively, the "Company Credit Facilities"). The parties further acknowledge and agree that the credit facilities under the Moran Loan Agreement as of the date hereof consist of a \$3,750,000 Revolving Loan Facility, evidenced by that certain \$3,750,000 Third Amended and Restated Revolving Note of O. Moran dated as of March 31, 2005 (the "Moran Credit Facility").

Section 7. Real Estate Encumbered by the Company Loan Documents and the Moran Loan Documents. Certain of the Company Loan Documents and the Moran Loan Documents encumber the real estate and improvements described as follows:

- (a) The real estate and improvements commonly known as 15 Woodley Drive, Winnetka, Illinois, legally described as Tract 1 on Exhibit A hereto (the "Winnetka Property");
- (b) The real estate and improvements commonly known as 2265 Carlson Drive, Northbrook, Illinois, legally described as Tract 2 on Exhibit A hereto (the "Northbrook Property");
- (c) The real estate and improvements commonly known as Sears Store, Benton Harbor, Michigan, legally described as Tract 3 on Exhibit A hereto (the "Errien County Sears Property"); and
- (d) The real estate and improvements commonly known as 42 North Shore Drive, South Haven, Michigan, legally described as Tract 4 on Exhibit A hereto (the "South Haven Property").

Section 8. Real Estate Securing the Company Credit Facilities and the Company Loan Agreement. The parties hereto agree that from and after the date of this Agreement, Winnetka Property and the Northbrook Property shall be the only real estate which secures the Company Credit Facilities and the Company Loan Agreement. Without limitation of the generality of the foregoing, from and after the date of this Agreement, the Company Credit Facilities and the Company Loan Agreement and the Moran Guaranty shall be secured by the Company Winnetka Mortgage, the Company Northbrook Mortgage, the Company Northbrook

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Assignment, the Company Winnetka Assignment, the Company ABI, the Moran Winnetka Mortgage, the Moran Northbrook Mortgage, the Moran Winnetka Assignment, the Moran Northbrook Assignment and the Moran ABI, and shall not be secured by the Company Berrien County Mortgage, the Company Allegan County Mortgage, the Company Michigan Assignment, the Moran Berrien County Mortgage, the Moran Allegan County Mortgage and the Moran Berrien County Assignment. The Company Loan Documents and Moran Loan Documents which are not listed in the immediately preceding sentence shall continue to secure the Company Credit Facilities, the Company Loan Agreement, the Moran Credit Facility and the Moran Loan Agreement to the extent provided therein. All of the Company Loan Documents and the Moran Loan Documents shall be and hereby are amended to incorporate the provisions of this Section 8.

Section 9. Real Estate Securing the Moran Credit Facility and the Moran Loan Agreement. The parties hereto agree that from and after the date of this Agreement, the Berrien County Sears Property and the South Haven Property shall be the only real estate which secures the Moran Credit Facility and the Moran Loan Agreement. Without limitation of the generality of the foregoing, from and after the date of this Agreement, the Moran Credit Facility and the Moran Loan Agreement shall be secured by the Company Berrien County Mortgage, the Company Allegan County Mortgage, the Company Michigan Assignment, the Moran Berrien County Mortgage, the Moran Allegan County Mortgage and the Moran Berrien County Assignment, and shall not be secured by the Company Winnetka Mortgage, the Company Northbrook Mortgage, the Company Northbrook Assignment, the Company Winnetka Assignment, the Company ABI, the Moran Winnetka Mortgage, the Moran Northbrook Mortgage, the Moran Winnetka Assignment, the Moran Northbrook Assignment and the Moran ABI. The Company Loan Documents and Moran Loan Documents which are not listed in the immediately preceding sentence shall continue to secure the Company Credit Facilities, the Company Loan Agreement, the Moran Credit Facility and the Moran Loan Agreement to the extent provided therein. All of the Company Loan Documents and the Moran Loan Documents shall be and hereby are amended to incorporate the provisions of this Section 9.

Section 10. Company Loan Documents and Moran Loan Documents to Remain in Effect; Confirmation of Obligations; References. The Company Loan Documents and the Moran Loan Documents shall remain in full force and effect as originally executed and delivered by the parties, except as previously modified and amended by the First Modification Agreement, the Prior Company Amendments and the Prior Moran Modifications, and as expressly modified and amended herein. Borrower, the Mortgagors, B. Moran and O. Moran hereby (i) confirm and reaffirm all of their obligations under the Company Loan Documents and the Moran Loan Documents, as previously modified and amended by the First Modification Agreement, the Prior Company Amendments and the Prior Moran Modifications, and as modified and amended herein; (ii) acknowledge and agree that the Bank, by entering into this Agreement, does not waive any existing or future default or event of default under any of the Company Loan Documents or the Moran Loan Documents, or any rights or remedies under any of the Company Loan Documents or the Moran Loan Documents, except as expressly provided herein; (iii) acknowledge and agree that the Bank has not heretofore waived any default or event of default under any of the Company Loan Documents or the Moran Loan Documents, or any rights or

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remedies under any of the Loan Documents; and (iv) acknowledge that they do not have any defense, set-off or counterclaim to the payment or performance of any of their obligations under the Company Loan Documents and the Moran Loan Documents, as previously modified and amended by the First Modification Agreement, the Prior Company Amendments and the Prior Moran Modifications, and as modified and amended herein. All references in the Company Loan Documents and the Moran Loan Documents shall be deemed to refer to such Company Loan Document, Moran Loan Document, Company Loan Documents or Moran Loan Documents, as the case may be, as previously modified and amended by the First Modification Agreement, the Prior Company Amendments and the Prior Moran Modifications, and as modified and amended by this Agreement.

Section 11. Certifications, Representations and Warranties. In order to induce the Bank to enter into this Agreement, Borrower, the Mortgagors, B. Moran and O. Moran hereby certify, represent and warrant to the Bank that, except as disclosed to the Bank in writing, all certifications, representations and warranties contained in the Company Loan Documents and the Moran Loan Documents and in all certificates heretofore delivered to the Bank are true and correct as of the date hereof, and all such certifications, representations and warranties are hereby remade and made to speak as of the date of this Agreement.

Section 12. Entire Agreement. This Agreement sets forth all of the covenants, promises, agreements, conditions and understandings of the parties relating to the subject matter of this Agreement, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than as are herein set forth.

Section 13. Successors. This Agreement shall inure to the benefit of and shall be binding upon the parties and their respective successors, assigns and legal representatives.

Section 14. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 15. Amendments, Changes and Modifications. This Agreement may be amended, changed, modified, altered or terminated only by a written instrument executed by all of the parties hereto.

Section 16. Construction.

(a) The words "hereof," "herein," and "hereunder," and other words of a similar import refer to this Agreement as a whole and not to the individual Sections in which such terms are used.

(b) References to Sections and other subdivisions of this Agreement are to the designated Sections and other subdivisions of this Agreement as originally executed.

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(c) The headings of this Agreement are for convenience only and shall not define or limit the provisions hereof.

(d) Where the context so requires, words used in singular shall include the plural and vice versa, and words of one gender shall include all other genders.

(e) Borrower, the Mortgagors, O. Moran, B. Moran and the Bank, and their respective legal counsel, have participated in the drafting of this Agreement, and accordingly the general rule of construction to the effect that any ambiguities in a contract are to be resolved against the party drafting the contract shall not be employed in the construction and interpretation of this Agreement.

Section 17. Execution of Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 18. Governing Law. This Agreement is prepared and entered into with the intention that the law of the State of Illinois shall govern its construction and enforcement.

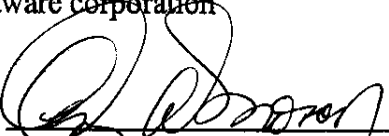
Section 19. Execution by LaSalle Bank National Association, as Trustee. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, covenants, undertakings and agreements herein made on the part of LaSalle Bank National Association, as Trustee, while in form purporting to be the representations, covenants, undertakings and agreements of LaSalle Bank National Association are nevertheless each and every one of them, made and intended not as personal representations, covenants, undertakings and agreements by LaSalle Bank National Association in its own right, but solely in the exercise of the powers conferred upon it as such trustee; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against LaSalle Bank National Association on account of this Agreement or on account of any representation, covenant, undertaking or agreement in this instrument contained, either expressed or implied, all such personal liability, if any, being expressly waived and released.


[Signature pages and Exhibits follow this page.]

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IN WITNESS WHEREOF, the parties have executed this instrument as of the date first above written.

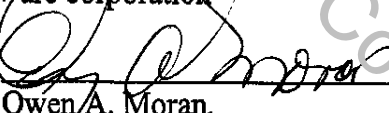
ARMON, INC.
a Delaware corporation

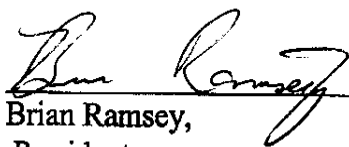
By: 
Owen A. Moran,
Chief Executive Officer

By: 
Brian Moran,
President

2265 North Carlson Drive
Northbrook, Illinois 60062
847-498-4800 Telephone
847-498-0457 Facsimile

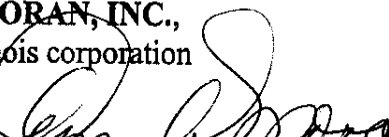
**F.E. MORAN, INC. SPECIAL
HAZARD SYSTEMS,**
a Delaware corporation

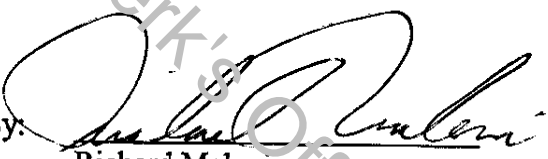
By: 
Owen A. Moran,
Chief Executive Officer

By: 
Brian Ramsey,
President

2265 North Carlson Drive
Northbrook, Illinois 60062
847-498-4800 Telephone
847-498-0457 Facsimile

F.E. MORAN, INC.,
an Illinois corporation

By: 
Owen A. Moran,
Chief Executive Officer

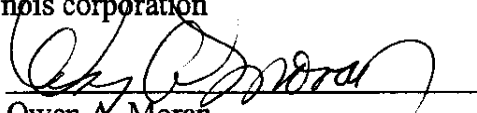
By: 
Richard Maloni,
President

2265 North Carlson Drive
Northbrook, Illinois 60062
847-498-4800 Telephone
847-498-0457 Facsimile

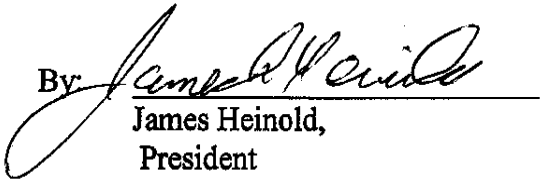
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F.E. MORAN, INC. FIRE PROTECTION,
an Illinois corporation

By:


Owen A. Moran,
Chief Executive Officer

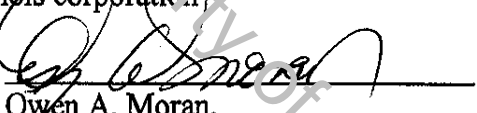
By:


James Heinold,
President

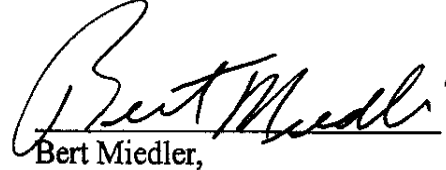
2265 North Carlson Drive
Northbrook, Illinois 60062
847-498-4800 Telephone
847-498-0457 Facsimile

**THERMODYNE MECHANICAL
SERVICES, INCORPORATED**
an Illinois corporation

By:


Owen A. Moran,
Chief Executive Officer

By:


Bert Miedler,
President

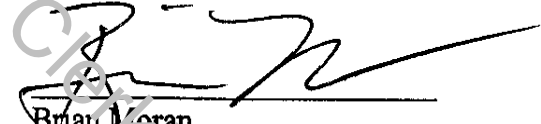
2265 North Carlson Drive
Northbrook, Illinois 60062
847-498-4800 Telephone
847-498-0457 Facsimile

FIRE PROTECTION INDUSTRIES, INC.
an Illinois corporation

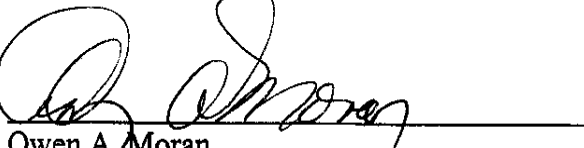
By:


Owen A. Moran,
Chief Executive Officer

By:


Brian Moran,
Executive Vice President

2265 North Carlson Drive
Northbrook, Illinois 60062
847-498-4800 Telephone
847-498-0457 Facsimile

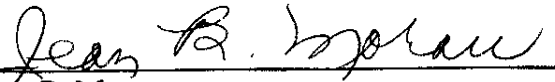

Owen A. Moran


Brian K. Moran

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Brian K. Moran, as Trustee as aforesaid



Jean B. Moran

LASALLE BANK NATIONAL ASSOCIATION,
as successor trustee to LaSalle National Bank,
not personally, but as Trustee as aforesaid

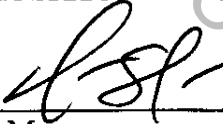
By: 

Title **TRUST OFFICER**

This instrument is executed by LaSalle Bank National Association, not personally but solely as Trustee in the exercise of the power and authority conferred upon and vested in it as such Trustee. It is expressly understood and agreed that all the warranties, indemnities, representations, covenants, undertakings and agreements herein made on the part of the Trustee are undertaken by it solely in its capacity as Trustee and not personally. No personal liability or personal responsibility is assumed by or shall at any time be amended or enforceable against the Trustee on account of any warranty, indemnity, representation, covenant, undertaking or agreement of the Trustee in this instrument.

BANK:

LASALLE BANK NATIONAL ASSOCIATION

By: 

Matthew S. Massa,
Senior Vice President

1301 East Ogden Avenue
Naperville, Illinois 60563
630-983-2002 - Telephone
630-983-2011 - Facsimile

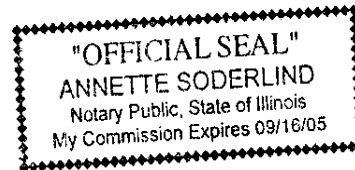
UNOFFICIAL COPY

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

The foregoing instrument was acknowledged before me this ___ day of April, 2005, by Owen A. Moran, Chief Executive Officer and Brian Moran, President, of Armon, Inc., a Delaware corporation, on behalf of the corporation.

Annette Soderlind

Notary Public

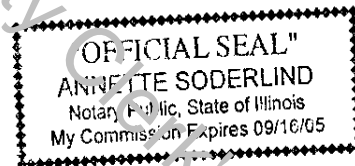


STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

The foregoing instrument was acknowledged before me this ___ day of April, 2005, by Owen A. Moran, Chief Executive Officer and Brian Ramsey, President, of F.E. Moran, Inc. Special Hazard Systems, a Delaware corporation, on behalf of the corporation.

Annette Soderlind

Notary Public

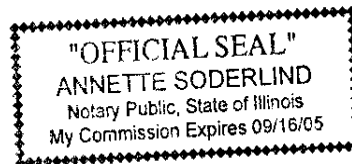


STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

The foregoing instrument was acknowledged before me this ___ day of April, 2005, by Owen A. Moran, Chief Executive Officer and Richard Moloni, President, of F.E. Moran, Inc., an Illinois corporation, on behalf of the corporation.

Annette Soderlind

Notary Public



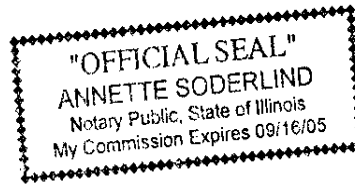
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STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

The foregoing instrument was acknowledged before me this ___ day of April, 2005, by Owen A. Moran, Chief Executive Officer and James Heinold, President, of F.E. Moran, Inc. Fire Protection, an Illinois corporation, on behalf of the corporation.

Annette Soderlind

Notary Public

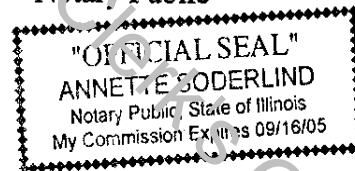


STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

The foregoing instrument was acknowledged before me this ___ day of April, 2005, by Owen A. Moran, Chief Executive Officer and Ben Miedler, President, of Thermodyne Mechanical Services, Incorporated, an Illinois corporation, on behalf of the corporation.

Annette Soderlind

Notary Public

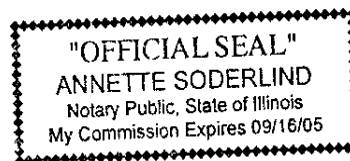


STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

The foregoing instrument was acknowledged before me this ___ day of April, 2005, by Owen A. Moran, Chief Executive Officer and Brian Moran, Executive Vice President, of Fire Protection Industries, Inc., an Illinois corporation, on behalf of the corporation.

Annette Soderlind

Notary Public



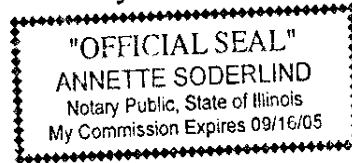
UNOFFICIAL COPY

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

The foregoing instrument was acknowledged before me this ____ day of April, 2005, by Owen A. Moran.

Annette Soderlind

Notary Public

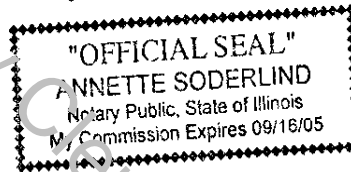


STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

The foregoing instrument was acknowledged before me this ____ day of April, 2005, by Brian K. Moran.

Annette Soderlind

Notary Public

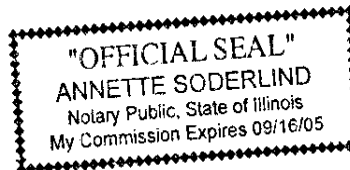


STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

The foregoing instrument was acknowledged before me this ____ day of April, 2005, by Brian K. Moran, as Trustee.

Annette Soderlind

Notary Public

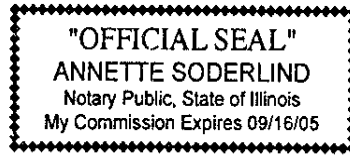


UNOFFICIAL COPY

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this ___ day of April, 2005, by Jean B. Moran.

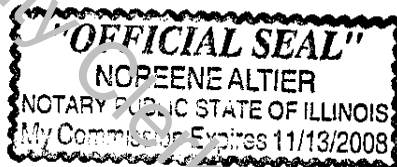
Annette Soderlund
Notary Public



STATE OF ILLINOIS)
) SS
COUNTY OF ~~COOK~~ DuPage)

The foregoing instrument was acknowledged before me this 9th day of ^{May} ~~April~~, 2005, by EVA HIGI **TRUST OFFICER** of LaSalle Bank National Association, a national banking association, as Trustee, on behalf of the association.

Noeene Altier
Notary Public



STATE OF ILLINOIS)
) SS
COUNTY OF ~~COOK~~ DuPage)

The foregoing instrument was acknowledged before me this 15 day of April, 2005, by Matthew S. Massa, Senior Vice President of LaSalle Bank National Association, a national banking association, on behalf of the association.

Barbara A. Seckinger
Notary Public



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EXHIBIT A

LEGAL DESCRIPTION

TRACT 1

LOT 1 IN NERGARD'S SUBDIVISION OF THE WEST 1/2 SECTION 29, TOWNSHIP 42 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, AND THAT PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 29, TOWNSHIP 42 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING SOUTH OF THE NORTH 865.7 FEET AND NORTH OF THE NORTH LINE OF SAID LOT 1, EXCEPTING HOWEVER FROM ALL OF SAID PREMISES (THAT PART LYING EAST OF A LINE 830 FEET WEST OF AND PARALLEL TO THE EAST LINE OF THE NORTHWEST 1/4 OF SECTION 29; AND ALSO EXCEPTING THAT PART OF LOT 1 IN NERGARD'S SUBDIVISION OF AND THE AFORESAID DESCRIBED 24 FOOT STRIP LYING NORTHWESTERLY OF THE FOLLOWING DESCRIBED CURVED LINE; BEGINNING AT A POINT IN THE SOUTH LINE OF THE NORTH 865.7 FEET, 252.8 FEET EAST OF THE WEST LINE OF SAID EAST 1/2 OF THE NORTHWEST 1/4, RUNNING THENCE SOUTHWESTERLY IN A CURVED LINE OF 174.21 FOOT RADIUS CONVEX SOUTHEASTERLY, 113.92 FEET MEASURED ALONG THE CHORD, TO A POINT OF COMPOUND CURVE; THENCE; SOUTHWESTERLY IN A CURVED LINE OF 955 FOOT RADIUS, CONVEX SOUTHEASTERLY, TANGENT TO THE LAST DESCRIBED CURVED LINE AT THE POINT OF COMPOUND CURVE, 243.95 FEET MEASURED ALONG THE CHORD, TO A POINT IN THE WEST LINE OF SAID LOT 1 OF NERGARD'S SUBDIVISION SAID POINT BEING 219.85 FEET SOUTH OF THE NORTHWEST CORNER OF SAID LOT 1 ALL IN COOK COUNTY, ILLINOIS.

P.I.N.: 05-29-101-015-0000
 15 Woodley Drive
 Winnetka, Illinois 60093

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EXHIBIT A

LEGAL DESCRIPTION

TRACT 2

LOT 2 IN MORAN NORTHBROOK RESUBDIVISION OF PART OF LOT 6 AND ALL OF LOT 7 IN GLENBROOK INDUSTRIAL PARK UNIT NO. 2, BEING A SUBDIVISION OF THE EAST ½ OF THE SOUTHWEST ¼ OF SECTION 15, TOWNSHIP 42 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

LOT 1 IN LOCKWOOD NORTHBROOK SUBDIVISION OF LOT 8 IN GLENBROOK INDUSTRIAL PARK UNIT NO. 2, BEING A SUBDIVISION OF THE EAST 1/2 OF THE SOUTHWEST ¼ OF SECTION 15, TOWNSHIP 42 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N.: 04-15-301-019-0000
04-15-301-020-0000
2265 Carlson Drive
Northbrook, Illinois

UNOFFICIAL COPY

EXHIBIT A

LEGAL DESCRIPTION

TRACT 3

PARCEL ONE: - Lot 16, The Orchards Mall Subdivision of part of the Southwest Quarter of Section 29 and part of the North Half of Section 32, Township 4 South, Range 18 West, Benton Township, Berrien County, Michigan, according to the Plat thereof, recorded September 29, 1980 in Book 23 of Plats, page 40.

PARCEL TWO - The rights, powers and reciprocal and non-exclusive easements created and granted as appurtenances to the aforesaid Parcel One as created and defined in that certain Operating Agreement dated August 18, 1978 and recorded September 5, 1978 in Book 1084, page 15, Berrien County Records, by and among Berrien Associates, a Michigan partnership, Dev Con Properties, Inc. of Benton Township, a Delaware corporation, and Sears, Roebuck and Co., a New York corporation, in, over, upon and under the Developer Site, the Fringe Areas and the Shopping Center Site, all as defined in said Operating Agreement, or as shown on the Site plan attached to said Operating Agreement, including, without limiting the generality of the foregoing, the reciprocal and non-exclusive easements created thereunder for ingress and egress, parking of vehicles, passage and accommodation of pedestrians (including without limitation, perpetual easements for the ring road), the installation, operation, maintenance, repair, replacement, relocation and removal of storm and sanitary sewers, water lines, and gas mains, electrical power lines, telephone lines, other utility lines, fire protection facilities (including without limitation, perpetual easements for the Common Utility Facilities as defined in said Operating Agreement), for the construction, reconstruction, erection and maintenance of common foundations, footings (including without limitation the construction easements as defined in said Operating Agreement), and for the purpose of the development and construction or reconstruction or operation of the improvements referred to therein, and as amended by First Amendment to Operating Agreement with attached consents dated January 25, 1979, recorded September 17, 1979 in Book 1112, page 428, Berrien County Records.

PARCEL THREE: - The easement created and granted as an appurtenance to the aforesaid Parcel 1 and the fee underlying Parcel 2 as created and defined by that certain Grant of Easement, dated August 2, 1976, by and between Pipestone Development Company, Ltd., a Michigan limited partnership, Shopping Centers, Inc., a Michigan corporation, and Westcor, Inc., an Arizona corporation, and recorded on August 5, 1976 in Book 1026, page 608, Berrien County Records, for storm drainage in, over, under, across, along and upon Parcel A as defined in said Grant of Easement and to construct, operate, maintain, repair, renew, relocate and remove the "Drainage Facilities" as defined in said Grant of Easement and such other rights, powers, privileges and easements therein created and granted.

P.I.N.: 11-03-7400-0016-007
Sears Store, Benton Harbor, MI

UNOFFICIAL COPY

EXHIBIT A

LEGAL DESCRIPTION

TRACT 4

Beginning at a point found by commencing in the center of North Shore Drive 1284.50 feet South and 1248.25 feet West of the East Quarter Post of Section 35, Town 1 North, Range 17 West, Casso Township, Allegan County, Michigan; thence South 21°19'40" West along the center of North Shore Drive, 235.00 feet to the place of beginning of this description; thence South 21°19'40" West along the center of North Shore Drive, 23.40 feet thence North 89°49'00" West, (previously deeded as West), 151.09 feet; thence North 23°00'00" East, 1.50 feet; thence North 80°51'30" West, 46.08 feet; thence North 77°55'00" West, 32.93 feet; thence North 72°12'00" West, 105.00 feet; thence North 89°49'00" West to Lake Michigan; thence Northerly along Lake Michigan to a point North 68°55'00" West of the place of beginning; thence South 68°55'00" East to the place of beginning. Together with an easement for ingress and egress and public utilities over a strip of land described as beginning at a point found by commencing in the center of North Shore Drive 1284.50 feet South and 1248.25 feet West of the East Quarter Post of Section 35, Town 1 North, Range 17 West; thence South 21°19'40" West along the center of North Shore Drive, 215.00 feet to the place of beginning of this description; thence North 68°55' West, 158.75 feet; thence South 81°08' West, 40.07 feet; thence South 68°55' East, 30.05 feet; thence North 81°08'00" East, 10.00 feet; thence South 68°55'00" East, 154.67 feet to the center of North Shore Drive; thence North 21°19'40" East on said center, 15.00 feet to the place of beginning.

P.I.N.: 03-02-085-012-10
42 N. Shore Drive, South Haven, MI

UNOFFICIAL COPY**TERM LOAN NOTE**

\$2,000,000.00
Chicago, Illinois

Date: as of April 15, 2005
Due Date: April 15, 2010

FOR VALUE RECEIVED, ARMON, INC., a Delaware Corporation, F.E. MORAN, INC. SPECIAL HAZARD SYSTEMS, a Delaware corporation, F.E. MORAN, INC., an Illinois corporation, F.E. MORAN, INC. FIRE PROTECTION, an Illinois corporation, THERMODYNE MECHANICAL SERVICES, INCORPORATED, an Illinois corporation, FIRE PROTECTION INDUSTRIES, INC., an Illinois corporation, (together with their successors and assigns, hereinafter collectively referred to as the "**Borrower**"), jointly and severally promise to pay to the order of LASALLE BANK NATIONAL ASSOCIATION, a national banking association (hereinafter, together with any holder hereof, the "**Bank**"), whose address is 135 South La Salle Street, Chicago, Illinois 60603, on or before April 15, 2010 (the "**Term Loan Maturity Date**"), the principal sum of TWO MILLION and 00/100 DOLLARS (\$2,000,000.00), which amount is the principal amount of the New Term Loan made by the Bank to the Borrower under and pursuant to that certain Second Amended and Restated Loan Agreement dated as of January 28, 2000, executed by and between the Borrower and the Bank, as amended from time to time, including, without limitation, as amended by that certain Modification Agreement dated as of January 28, 2000, that certain First Amendment to Second Amended and Restated Loan Agreement dated as of May 25, 2000, that certain Second Amendment to Second Amended and Restated Loan Agreement dated as of July 1, 2001, that certain Third Amendment to Second Amended and Restated Loan Agreement dated as of July 1, 2003, that certain Fourth Amendment to Second Amended and Restated Loan Agreement dated as of October 8, 2004, and that certain Fifth Amendment to Amended and Restated Loan Agreement dated as of March 31, 2005 (as so modified and amended, and as amended, supplemented or modified from time to time hereafter, the "**Loan Agreement**"), together with interest (computed on the actual number of days elapsed on the basis of a 360 day year) on the principal amount of the Term Loan outstanding from time to time as provided in the Loan Agreement. Capitalized words and phrases not otherwise defined herein shall have the meanings assigned thereto in the Loan Agreement.

The outstanding principal of this Term Note, and all accrued interest thereon, shall be payable as provided in the Loan Agreement, and the outstanding principal balance of this Term Note, and all accrued and unpaid interest thereon, shall be due and payable in full on the Term Loan Maturity Date, unless payable sooner pursuant to the provisions of the Loan Agreement.

This Note evidences the Term Loan incurred by the Borrower under and pursuant to the Loan Agreement, to which reference is hereby made for a statement of the terms and conditions under which the Term Loan Maturity Date or any payment hereon may be accelerated. The

UNOFFICIAL COPY

holder of this Term Note is entitled to all of the benefits and security provided for in the Loan Agreement.

Principal and interest shall be paid to the Bank at its address set forth above, or at such other place as the holder of this Term Note shall designate in writing to the Borrower. The Term Loan made by the Bank, and all payments on account of the principal and interest thereof shall be recorded on the books and records of the Bank and the principal balance as shown on such books and records, or any copy thereof certified by an officer of the Bank, shall be rebuttably presumptive evidence of the principal amount owing hereunder.

Except for such notices as may be required under the terms of the Loan Agreement, the Borrower waives presentment, demand, notice, protest, and all other demands, or notices, in connection with the delivery, acceptance, performance, default, or enforcement of this Term Note, and assents to any extension or postponement of the time of payment or any other indulgence.

The Term Loan evidenced hereby has been made and this Term Note has been delivered at the Bank's main office set forth above. This Term Note shall be governed and construed in accordance with the laws of the State of Illinois, in which state it shall be performed, and shall be binding upon the Borrower, and its legal representatives, successors, and assigns. Wherever possible, each provision of the Loan Agreement and this Term Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Loan Agreement or this Term Note shall be prohibited by or be invalid under such law, such provision shall be severable, and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of the Loan Agreement or this Term Note. The term "Borrower" as used herein shall mean all parties signing this Term Note, and each one of them, and all such parties, their respective successors and assigns, shall be jointly and severally obligated hereunder.

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IN WITNESS WHEREOF, the Borrower has executed this Term Note as of the date set forth above.

ARMON, INC.
a Delaware corporation

By: _____
Owen A. Moran,
Chief Executive Officer

2265 North Carlson Drive
Northbrook, Illinois 60062
847-498-4800 Telephone
847-498-0457 Facsimile

By: _____
Brian Moran,
President

**F.E. MORAN, INC. SPECIAL
HAZARD SYSTEMS,**
a Delaware corporation

By: _____
Owen A. Moran,
Chief Executive Officer

2265 North Carlson Drive
Northbrook, Illinois 60062
847-498-4800 Telephone
847-498-0457 Facsimile

By: _____
Brian Ramsey,
President

F.E. MORAN, INC.,
an Illinois corporation

By: _____
Owen A. Moran,
Chief Executive Officer

2265 North Carlson Drive
Northbrook, Illinois 60062
847-498-4800 Telephone
847-498-0457 Facsimile

By: _____
Richard Maloni,
President

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F.E. MORAN, INC. FIRE PROTECTION,
an Illinois corporation

By: _____
Owen A. Moran,
Chief Executive Officer
2265 North Carlson Drive
Northbrook, Illinois 60062
847-498-4800 Telephone
847-498-0457 Facsimile

By: _____
James Heinold,
President

**THERMODYNE MECHANICAL
SERVICES, INCORPORATED**
an Illinois corporation

By: _____
Owen A. Moran,
Chief Executive Officer
2265 North Carlson Drive
Northbrook, Illinois 60062
847-498-4800 Telephone
847-498-0457 Facsimile

By: _____
Bert Miedler,
President

FIRE PROTECTION INDUSTRIES, INC.
an Illinois corporation

By: _____
Owen A. Moran,
Chief Executive Officer
2265 North Carlson Drive
Northbrook, Illinois 60062
847-498-4800 Telephone
847-498-0457 Facsimile

By: _____
Brian Moran,
Executive Vice President

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EXHIBIT B

FORM OF NEW TERM LOAN NOTE

Property of Cook County Clerk's Office