

01-1563-CD  
MIDATLANTIC FINANCIAL, INC. -vs- EDWARD HANSLOVAN et al

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA  
MIDATLANTIC FINANCIAL, INC.,  
a corporation,

Plaintiff,  
v.

EDWARD HANSLOVAN AND  
MARY HANSLOVAN,  
individuals,

Defendants

CIVIL DIVISION

No. 2001-1503-CJ

COMPLAINT IN CONFESSION OF  
JUDGMENT

Filed on Behalf of:

PLAINTIFF

ATTORNEY OF RECORD FOR THIS PARTY

Louis B. Swartz

PA. ID # 00246

1600 LAW AND FINANCE BUILDING  
PITTSBURGH, PENNSYLVANIA 15219

(412) 288-0300

FILED  
SEP 10 2001  
William A. Shaw  
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA  
CIVIL DIVISION

MIDATLANTIC FINANCIAL, INC.,  
a corporation,

Plaintiff,  
v. No. 2001-

EDWARD HANSLOVAN AND  
MARY HANSLOVAN,  
individuals,

Defendants

COMPLAINT IN CONFESSION OF JUDGMENT

1. Plaintiff is MidAtlantic Financial, Inc., a corporation with a place of business at 100 E. McMurray Road, McMurray, Washington County, Pennsylvania 15317.

2. Defendants are Edward Hanslovan and Mary Hanslovan, individuals whose address is Box 230, Route 2, Morrisdale, Clearfield County, Pennsylvania 16858.

3. A true and correct reproduction of the instrument, upon which judgment is being entered, is attached hereto as Exhibit "A", together with other documents of Defendants' account, and is incorporated herein by reference. The original is not attached, because it is being preserved for later use.

4. Judgment is not being entered by confession against a natural person in connection with a consumer credit transaction.

5. The instrument has not been assigned.

6. Judgment has not been entered on the instrument in any jurisdiction.

7. Default is required before entry of judgment on the instrument, and Defendants have defaulted by failing to meet their obligations contained in the instrument and in failing to make the payments required ever since May 1, 2001.

8. The following is an itemized computation of the amount for which judgment is authorized:

Principal amount	14,522.00
Late charges	626.00
Interest per agreement	<u>970.16</u>
Subtotal	16,118.16
Attorney's fees 20%	<u>3,223.63</u>
Total	<u>19,341.79</u>

WHEREFORE, Plaintiff demands judgment against Defendants in the sum of \$19,341.79, plus interest and costs as authorized by the warrant of attorney contained in the instrument.

---

LOUIS B. SWARTZ, ESQUIRE  
ATTORNEY FOR PLAINTIFF  
SEEWALD, SWARTZ & ASSOCIATES  
16TH FLOOR, LAW & FINANCE BLDG.  
PITTSBURGH, PA 15219  
412/288-0300

## PERSONAL GUARANTY

For Value Received, and in consideration of, and in order to induce MidAtlantic Financial, Inc. (hereinafter "Lessor") to enter into a Lease Agreement (herein called "Agreement") with Ed Hanslovan Coal Co., Inc. (herein called "Lessee") with its principal place of business at RD 2, Box 230, Morrisdale, PA 16858, providing for the lease of certain equipment described in the Agreement, therein called the "Equipment", the undersigned Edward Hanslovan Mary Hanslovan (herein called "Guarantor") hereby unconditionally guarantees to Lessor the full and prompt performance by Lessee of all obligations which Lessee presently or hereafter may have to Lessor under the Agreement, and the payment when due of all payments and all other sums presently or hereafter owing by Lessee to Lessor thereunder, and agrees to indemnify Lessor against any losses Lessor may sustain and expenses it may incur, including attorney's fees, as a result of any breach or default by Lessee under the Agreement and/or as a result of the enforcement or attempted enforcement by Lessor of any of its rights against Guarantor hereunder. Guarantor hereby expressly waives all defenses which might constitute a legal or equitable discharge of a surety or guarantor, and agrees that this Guaranty shall be valid and unconditionally binding upon Guarantor regardless of (i) the reorganization, merger, or consolidation of Lessee into or with another entity, corporate or otherwise, or the sale or other disposition of all or substantially all of the capital stock, business or assets of Lessee to any other person or party, or (ii) the death or dissolution of Lessee, or (iii) the voluntary or involuntary bankruptcy (including a reorganization in bankruptcy) of Lessee, or (iv) the granting by Lessor of any indulgences to Lessee or (v) the assertion by Lessor against Lessee of any of Lessor's rights and remedies provided for under the Agreement or existing in its favor in law, equity or bankruptcy, or (vi) the release of Lessee from any of Lessee's obligations under the Agreement by Lessor or by operation of law or otherwise, or (vii) any invalidity, irregularity, defect or unenforceability of any provision of the Lease. Guarantor hereby waives notice of and consents to the financing of all Equipment now or hereafter financed under the Agreement thereto, to any subleasing or any other use of Equipment permitted by Lessor, (regardless of whom any such sublessee or user may be), to all of the provisions of the Agreement, and to any amendments thereof, and to any actions taken thereunder, and to the execution by Lessee of the foregoing documents and of any other agreements, documents and instruments executed by Lessee in connection therewith. Guarantor further waives notice of Lessor's acceptance of this Guaranty, of any default and non-payment and/or non-performance by Lessee under the Agreement, of presentment, protest, notice of dishonor, and demand, and of all other matters to which Guarantor might otherwise be entitled.

Guarantor further agrees that this Guaranty shall remain and continue in full force and effect notwithstanding any renewal, modification or extension of the Agreement or the agreement term of any Equipment, Guarantor hereby expressly waiving all notice of and consenting to any such renewal, modification or extension, and to the execution by Lessee of any documents pertaining to any such renewal, modification or extension. Guarantor further agrees that Guarantor's liability under this Guaranty shall be absolute, primary and direct, and that Lessor shall not be

required to pursue any right or remedy it may have against Lessee under the Agreement or otherwise (and shall not be required to first commence any action or obtain any judgment against Lessee) before enforcing this Guaranty against Guarantor. Guarantor further warrants and represents to Lessor that the execution, delivery and performance of this Guaranty will not result in a breach of, or constitute a default under, or result in the creation of any security interest, lien, charge or encumbrance upon any property and assets of Guarantor pursuant to any loan agreement, indenture or contract to which Guarantor is a party or by or under which Guarantor is bound.

Guarantor hereby agrees that the failure of Lessor to insist in any one or more instances upon a strict performance or observance of any of the terms, provisions or covenants of the Agreement or this Guaranty, or to exercise any of its rights thereunder, shall not be construed or deemed to be a waiver or relinquishment for the future or any such terms, provisions, covenants, or rights, but such terms, provisions, covenants, or rights shall continue and remain in full force and effect. Receipt by Lessor of any rent or other sums payable under the Agreement with knowledge that Lessee has breached any of the terms, provisions or covenants of the Agreement shall not be deemed to be a waiver by Lessor of such breach.

No assignment or other transfer by Lessor or Lessee of any interest, right or obligation under the Agreement, or assumption by any third party of the obligations of Lessee under the Agreement, shall extinguish or diminish the unconditional, absolute, primary and direct liability of Guarantor under this Guaranty, Guarantor hereby consenting to and waiving all notice of any such assignment, transfer or assumption.

This Guaranty is assignable by Lessor without notice to Guarantor, but may not be assigned by Guarantor. Any assignee of Lessor shall have all of the rights but none of the duties, if any, of Lessor, and Guarantor agrees not to assert any claim defense against any assignee of Lessor. This Guaranty shall be construed liberally in Lessor's favor, shall inure to the benefit of Lessor, and its successors and assigns, and shall be binding upon Guarantor and Guarantor's executors, administrators, successors and assigns. Legal rights and obligations hereunder shall be determined in accordance with the laws of the state of Pennsylvania and venue of any action commenced in connection herewith may be laid in Washington County, Pennsylvania or in any other jurisdiction where any action in connection with any guaranteed obligations may be pursued. Guarantor waives any right to trial by jury.

Any provision of this Guaranty which is prohibited or enforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Guaranty represents the entire agreement between Lessor and Guarantor, and it may not be changed, waived, amended or terminated except by a written agreement signed by the parties.

The Guarantor hereby agrees that upon his/her failure to meet any of the obligations contained herein (the "Obligations"), the Guarantor hereby empowers any attorney of any Court of Record within the United States or elsewhere to appear for Guarantor and with or without declarations filed, confess judgment against Guarantor for the Obligations with costs of suit and an attorney's reasonable fee of 20% for collection and release of all errors. No single exercise of the foregoing power to confess judgment shall be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be valid, voidable or void, but the power shall continue undiminished and it may be exercised from time to time as the Lessor shall elect, until such time as the Lessor shall have received payment in full of obligations. Lessee hereby expressly waives stay of execution and inquisition and extension upon any levy on real estate. Condemnation is hereby agreed to and the exemption of personal property from levy and sale on any execution hereon is also hereby expressly waived and no benefit of exemption is claimed under and by virtue of any exemption law now in force or which may be hereafter enacted.

WARNING; BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME, A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE LESSOR, WHETHER FOR FAILURE TO COMPLY WITH THIS AGREEMENT OR ANY OTHER CAUSE.

In Witness Whereof, Guarantor has caused this Guaranty to be executed this 9<sup>th</sup> day of  
May 2000.

Edward Hanslovan

Edward Hanslovan

Signature of Individual

Address:

Box 230 Rt 2

Morrisdale, Pa. 16858

Mary Hanslovan

Mary Hanslovan

Signature of Individual

Address:

Box 230 Rt 2

Morrisdale, Pa 16858

Witness

Address:

RD #1 Box 291A

Morrisdale PA 16858

Witness

Address:

RD #1 Box 291A

Morrisdale PA 16858

## SECURITY AGREEMENT

**1. Grant of Security Interest; Description of Collateral**

Debtor grants to Secured Party a security interest in the property described below, along with all present and future attachments and accretions thereto and replacements and proceeds thereof, including amounts payable under any insurance policy, all hereinafter referred to collectively as "Collateral." (Describe collateral fully including make, kind of unit, model and serial numbers and any other pertinent information.) (2) 1981 International Trucks VIN #L1UT1117

(1) Mig Welder (1) 1986 Chevrolet Truck w/Dump Body and Snow Plow VIN #1HTCA25548HA13564

1988 Chevrolet truck w/Dump Body and Snow Blade  
VIN#1GCHK34W4GJ129988 (1) Chevrolet S10

2. What Obligations the Collateral Secures.

VIN #1GNFK16K8BJ361025 ✓

Each item of the Collateral shall secure not only the specific amount which Debtor promises to pay in Paragraph 3 below, but also all other present and future indebtedness or obligations of Debtor to Secured Party of every kind and nature whatsoever.

### 3. Promise to Pay; Terms and Place of Payment

Debtor promises to pay Secured Party the total sum of \$ 30,048.00, which represents principal and interest precomputed over the term hereof, payable in 24 (total number) combined principal and interest payments as follows:

### Equal Successive Monthly Payments

OR

#### Other Than Equal Successive Monthly Payments

Payment shall be made at the address of Secured Party shown herein or such other place as Secured Party may designate from time to time.

#### 4. Use and Location of Collateral

Debtor warrants and agrees that the Collateral is to be used primarily for:

business or commercial purposes (other than agricultural),  
 agricultural purposes (see definition on the final page), or  
 both agricultural and business or commercial purposes

Location RD2, Box 230  
Address

Morrisdale

PA

16858

Zip Code

#### **4. Use and Location of Collateral (Continued)**

Debtor and Secured Party agree that regardless of the manner of affixation, the Collateral shall remain personal property and not become part of any real estate. Debtor agrees to keep the Collateral at the location set forth above and will notify Secured Party promptly in writing of any change in the location of the Collateral within such State, but will not remove the Collateral from such State without the prior written consent of Secured Party (except that in the State of Pennsylvania, the Collateral will not be moved from the above location without such prior written consent).

#### **5. Late Charges and Other Fees.**

Any payment not made within 5 days of the due date, at the option of Secured Party, shall bear late charges of an amount equal to 10% of such past due payments or sums. Debtor shall be responsible for and pay to Secured Party a returned check fee, not to exceed the maximum permitted by law, which fee will be equal to the sum of (i) the actual bank charges incurred by Secured Party plus (ii) all other actual costs and expenses incurred by Secured Party. The returned check fee is payable upon demand as indebtedness secured by the Collateral under this Security Agreement.

#### **6. Debtor's Warranties and Representations.**

Debtor warrants and represents:

- (a) that Debtor is justly indebted to Secured Party for the full amount of the indebtedness described in Paragraph 3;
- (b) that, except for the security interest granted hereby, the Collateral is free from and will be kept free from all liens, claims, security interests and encumbrances;
- (c) that no financing statement covering the Collateral or any proceeds thereof is on file in favor of anyone other than Secured Party, but if such other financing statement is on file, it will be terminated or subordinated;
- (d) that all information supplied and statements made by Debtor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of the Security Agreement with respect to this transaction are and shall be true, correct, valid and genuine; and
- (e) that Debtor has full authority to enter into this Security Agreement and in so doing it is not violating its charter or by-laws, any law or regulation or agreement with third parties, and it has taken all such action as may be necessary or appropriate to make this Security Agreement binding upon it.

#### **7. Debtor's Agreements.**

Debtor agrees:

- (a) to defend at Debtor's own cost any action, proceeding, or claim affecting the Collateral;
- (b) to pay reasonable attorney's fees (at least 15% of the unpaid balance if not prohibited by law) and other expenses incurred by Secured Party in enforcing its rights against Debtor under this Security Agreement.
- (c) to pay promptly all taxes, assessments, license fees and other public or private charges when levied or assessed against the Collateral or this Security Agreement; and this obligation shall survive the termination of this Security Agreement.
- (d) that if a certificate of title is required or permitted by law, Debtor shall obtain such certificate with respect to the Collateral, showing the security interest of Secured Party thereon and in any event do everything necessary or expedient to preserve or perfect the security interest of Secured Party;

- (e) that Debtor will not misuse, fail to keep in good repair, secrete, or without the prior written consent of Secured Party, sell, rent, lend, encumber or transfer any of the Collateral notwithstanding Secured Party's right to proceed;
- (f) that Secured Party may enter upon debtor's premises or wherever the Collateral may be located at any reasonable time to inspect the Collateral and Debtor's books and records pertaining to the Collateral, and Debtor shall assist Secured Party in making such inspection; and
- (g) that the security interest granted by Debtor to Secured Party shall continue effective irrespective of the payment of the amount in Paragraph 3, or in any promissory note executed in connection herewith, so long as there are any obligations of any kind, including obligations under guaranties or assignments, owed by Debtor to Secured Party, provided, however, upon any assignment of this Security Agreement the Assignee shall thereafter be deemed for the purpose of this Paragraph to be the Secured Party under this Security Agreement.

#### **8. Insurance and Risk of Loss.**

All risk of loss, damage to or destruction of the Collateral shall at all times be on debtor. Debtor will procure forthwith and maintain at Debtor's expense insurance against all risks of loss or physical damage to the Collateral for the full insurable value thereof for the life of this Security Agreement, plus breach of warranty insurance and such other insurance thereon in amounts and against such risks as Secured Party may specify, and shall promptly deliver each policy to Secured Party with a standard long-form mortgagee endorsement attached thereto showing loss payable to Secured Party; and providing Secured Party with not less than 30 days written notice of cancellation; each such policy shall be in form, terms and amount and with insurance carriers satisfactory to Secured Party, Secured Party's acceptance of policies in lesser amounts or risks shall not be a waiver of Debtor's foregoing obligations. As the Secured Party's interest in such policy, no act or omission of Debtor or any of its officers, agents, employees or representatives shall affect the obligations of the insurer to pay the full amount of any loss.

Debtor hereby assigns to Secured Party any monies which may become payable under any such policy of insurance and irrevocably constitutes and appoints Secured Party as Debtor's attorney in fact (a) to hold each original insurance policy, (b) to make, settle and adjust claims under each policy of insurance, (c) to make claims for any monies which may become payable under such and other insurance on the collateral including returned or unearned premiums and (d) to endorse Debtor's name on any check, draft or other instruments received in payment of claims or returned or unearned premiums under each policy and to apply the funds to the payment of the indebtedness owing to Secured Party, provided, however, Secured Party is under no obligation to do any of the foregoing.

Should Debtor fail to furnish such insurance policy to Secured Party, or to maintain such policy in full force, or to pay any premium in whole or in part relating thereto, then Secured Party, without waiving or releasing any default or obligation by Debtor, may (but shall be under no obligation to) obtain and maintain insurance and pay the premium therefore on behalf of Debtor and charge the premium to Debtor's indebtedness under this Security Agreement. The full amount of any such premium paid by Secured Party shall be payable by Debtor upon demand, and failure to pay same shall constitute an event of default under this Security Agreement.

#### **9. Events of Default; Acceleration.**

A very important element of this Security Agreement is that Debtor make all its payments promptly as agreed and that the Collateral continues to be in good condition and adequate security for the indebtedness. The following are events of default under this Security Agreement which will allow Secured Party to take such action under this Paragraph and under Paragraph 10 as it deems necessary:

- (a) any of Debtor's obligations to Secured Party under any agreement with Secured Party is not paid promptly when due;
- (b) Debtor breaches any warranty or provision hereof, or of any note or of any other instrument or agreement delivered by Debtor to Secured Party in connection with this or any other transaction;
- (c) Debtor dies, becomes insolvent or ceases to do business as a going concern;
- (d) it is determined that Debtor has given Secured Party materially misleading information regarding its financial condition;
- (e) any of the Collateral is lost or destroyed;
- (f) a petition or complaint in bankruptcy or for arrangement or reorganization or for relief under any insolvency law is filed by or

against Debtor or Debtor admits its inability to pay its debts as they mature.

(g) property of Debtor is attached or a receiver is appointed for Debtor;

(h) whenever Secured Party in good faith believes the prospect of payment or performance is impaired or in good faith believes the Collateral is insecure;

(i) any guarantor, surety or endorser for Debtor dies or defaults in any obligation or liability to Secured Party or any guaranty obtained in connection with this transaction is terminated or breached.

**If Debtor shall be in default hereunder**, the indebtedness herein described and all other indebtedness then owing by Debtor to Secured Party under this or any other present or future agreement (collectively, the "indebtedness") shall, if Secured Party shall so elect, become immediately due and payable and the unpaid principal balance of the indebtedness described in Paragraph 3, or in any promissory note executed in connection herewith, shall bear interest at the rate of 18% per annum (but in no event greater than the highest rate permitted by relevant law) until paid in full. In no event shall the Debtor, upon demand by Secured Party for payment of the Indebtedness, by acceleration of the maturity thereof or otherwise, be obligated to pay any interest in excess of the amount permitted by law. Any acceleration of Indebtedness, if elected by Secured Party, shall be subject to all applicable laws, including laws relating to rebates and refunds or unearned charges.

UPON DEFAULT, LESSEE HEREBY EMPOWERS THE PROTHONOTARY, CLERK, OR ANY ATTORNEY OF ANY COURT OF RECORD WITHIN PENNSYLVANIA OR LESSEE'S DOMICILED STATE TO APPEAR FOR LESSEE AND, WITH OR WITHOUT ONE OR MORE COMPLAINTS FILED, ENTER A JUDGEMENT OR JUDGEMENTS AGAINST LESSEE IN FAVOR OF LESSOR, OR ITS SUCCESSOR OR ASSIGNS AS OF ANY TERM FOR SUCH UNPAID RENTAL PAYMENTS AND OTHER SUMS DUE UNDER THE SAID LEASE WHETHER BY ACCELERATION OR OTHERWISE TOGETHER WITH COSTS OF SUIT AND ATTORNEY'S COMMISSION OF FIFTEEN PERCENT (15%) FOR COLLECTION, WITH RELEASE OF ALL ERRORS AND WITHOUT STAY OF EXECUTION. IN THE EVENT OF ANY DEFAULT BY LESSEE HEREUNDER, LESSEE ALSO EMPOWERS ANY ATTORNEY OF ANY COURT OF RECORD IN PENNSYLVANIA OR OTHER STATE WHERE LESSEE IS DOMICILED TO APPEAR FOR LESSEE AND ENTER A JUDGEMENT IN FAVOR OF LESSOR, OR ITS SUCCESSORS OR ASSIGNS AND AGAINST LESSEE FOR POSSESSION OF THE EQUIPMENT.

#### **10. Secured Party's Remedies After Default; Consent to Enter Premises.**

Upon Debtor's default and at any time thereafter, Secured Party shall have all rights and remedies of a secured party under the Uniform Commercial Code and any other applicable laws, including the right to any deficiency remaining after disposition of the Collateral for which Debtor hereby agrees to remain fully liable. Debtor agrees that Secured Party, by itself or its agent, may without notice to any person and without judicial process of any kind, enter into any premises or upon any land owned, leased or otherwise under the real or apparent control of Debtor or any agent of Debtor where the Collateral may be or where Secured Party believes the Collateral may be, and disassemble, render unusable and/or repossess all or any part of the Collateral, disconnecting and separating all Collateral from any other property. Debtor expressly waives all further rights to possession of the Collateral after default and all claims for injuries suffered through or loss caused by such entering and/or repossession. Secured Party may require Debtor to assemble the Collateral and return it to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties.

Secured Party may sell or lease the Collateral at a time and location of its choosing provided that the Secured Party acts in good faith and in a commercially reasonable manner. Secured Party will give Debtor reasonable notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition of the Collateral is to be made. Unless otherwise provided by law, the requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown herein at least 10 days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling and the like shall include reasonable attorney's fees and other legal expenses. Debtor understands that Secured Party's rights are cumulative and not alternative.

#### **11. Waiver of Defaults; Agreement Inclusive.**

Secured Party may in its sole discretion waive a default, or cure, at Debtor's expense, a default. Any such waiver in a particular instance or of a particular default shall not be a waiver of other defaults or the same kind of default at another time. No modification or change in this Security Agreement or any related note, instrument or agreement shall bind Secured Party unless in writing signed by Secured Party. No oral agreement shall be binding.

## **12. Financing Statements; Certain Expenses.**

If permitted by law, Debtor authorizes Secured Party to file a financing statement with respect to the Collateral signed only by Secured Party, and to file a carbon, photograph or other reproduction of this Security Agreement or of a financing statement. At the request of Secured Party, Debtor will execute any financing statements, agreements or documents, in form satisfactory to Secured Party which Secured Party may deem necessary or advisable to establish and maintain a perfected security interest in the collateral, and will pay the cost of filing or recording the same in all public offices deemed necessary or advisable by Secured Party. Debtor also agrees to pay all costs and expenses incurred by Secured Party in conducting UCC, tax or other lien searches against the Debtor or the Collateral and such other fees as may be agreed.

## **13. Waiver of Defenses Acknowledgment.**

If Secured Party assigns this Security Agreement to third party ("Assignee"), then after such assignment:

- (a) Debtor will make all payments directly to such Assignee at such place as Assignee may from time to time designate in writing;
- (b) Debtor agrees that it will settle all claims, defenses, setoffs and counterclaims it may have against Secured Party directly with Secured Party and will not set up any such claim, defense, setoff or counterclaim against Assignee. Secured Party hereby agreeing to remain responsible therefore;
- (c) Secured Party shall not be Assignee's agent for any purpose and shall have no authority to change or modify this Security Agreement or any related document or instrument; and
- (d) Assignee shall have all of the rights and remedies of Secured Party hereunder but none of Secured Party's obligations.

## **14. Miscellaneous.**

Debtor waives all exemptions. Secured Party may correct patent errors herein and fill in such blanks as serial numbers, date of first payment and the like. Any provisions hereof contrary to, prohibited by or invalid under applicable laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining provisions hereof.

Except as otherwise provided herein or by applicable law, the Debtor shall have no right to prepay the indebtedness described in Paragraph 3, or in any promissory note executed in connection with this Security Agreement. Debtor and Secured Party each hereby waive any right to a trial by jury in any action or proceeding with respect to, in connection with, or arising out of this Security Agreement. **Debtor acknowledges receipt of a true copy and waives acceptance hereof.** If Debtor is a corporation, this Security Agreement is executed pursuant to authority of its Board of Directors. Except where the context otherwise requires, "Debtor" and "Secured Party" include the heirs, executors or administrators, successors or assigns of those parties but nothing herein shall authorize Debtor to assign this Security Agreement or its rights in and to the Collateral. If more than one Debtor executes this Security Agreement, their obligations under this Security Agreement shall be joint and several.

If at any time this transaction would be usurious under applicable law, then regardless of any provision contained in this Security Agreement or in any other agreement made in connection with this transaction, it is agreed that:

- (a) the total of all consideration which constitutes interest under applicable law that is contracted for, charged or received upon this Security Agreement or any such other agreement shall under no circumstances exceed the maximum rate of interest authorized by applicable law and any excess shall be credited to the Debtor, and
- (b) if Secured Party elects to accelerate the maturity of, or if Secured Party permits Debtor to prepay the indebtedness, any amounts which because of such action would constitute interest may never include more than the maximum rate of interest authorized by applicable law, and any excess interest, if any, provided for in this Security Agreement or otherwise, shall be credited to Debtor automatically as of the date of acceleration or prepayment.

## **15. Special Provisions.**

**Year 2000.** The Debtor shall take all action necessary to assure that its computer-based systems are able to effectively process data including dates and date sensitive functions. The Debtor represents and warrants that the Year 2000 problem (that is, the inability of

certain computer applications to recognize and correctly perform properly date-sensitive functions involving certain dates prior to and after December 31, 1999) will not result in a material adverse effect on the Debtor's business condition or ability to perform hereunder. Upon request, the Debtor shall provide assurance acceptable to the Secured Party that the Debtor's computer systems and software are or will be Year 2000 compliant on a timely basis. The Debtor shall immediately advise Secured Party in writing of any material changes in the Debtor's Year 2000 plan, timetable or budget.

Dated: 5/9/00

Debtor:  
Ed Hanslovan Coal Co., Inc.

By Ed Hanslovan Title Pres.

If corporation, have signed by President, Vice President or Treasurer, and give official title. If owner or partner, state which.

RD 2, Box 230  
Address

Morrisdale PA 16858  
City State Zip Code

Secured Party

Mid Atlantic Financial, Inc.

By John Title Pres.

100 E. McMurray Road, Suite 206  
Address

McMurray, PA 15317  
City State Zip Code

If Debtor is a partnership, enter:

Partner's Names Home Addresses

EXHIBIT A  
CERTIFICATE OF DELIVERY AND ACCEPTANCE

Pursuant to Lease Agreement dated 5-9-00, by and between MidAtlantic Financial, Inc. ("Lessor"), a Pennsylvania Corporation, with a place of business at 100 E. McMurray Road, Suite 206, McMurray, PA 15317 and <sup>Ed</sup> Hanslovan Coal Co., Inc. ("Lessee"), with a place of business at RD 2, Box 230, Morrisdale, PA 16858, the undersigned, for and on behalf of Lessee, and being duly authorized so to do, hereby (a) certifies that the following Equipment ("Equipment") has been delivered to, and inspected by Lessee and is in good working order, repair and condition, to Lessee's satisfaction, has been installed to the satisfaction of Lessee, is fit for all purposes intended by Lessee (b) unconditionally accepts the Equipment for all purposes of the Lease Agreement, as of the date hereof, and (c) affirms that there have been no modifications or amendments to the Lease Agreement, and (d) directs Lessor to pay Lessee's Supplier, and (e) with payment of Lessee's supplier, acknowledges that Lessor has fully and satisfactorily performed all obligations to be performed by it pursuant to the Lease Agreement.

LESSEE ACKNOWLEDGES THE DISCLAIMER OF CLAIMS AND WARRANTIES MADE IN THE LEASING OF THIS EQUIPMENT, THE PROMISE TO MAKE ALL PAYMENTS TO LESSOR EVEN IF THE EQUIPMENT FAILS TO WORK OR OTHERWISE PERFORM AS EXPECTED AND TO LOOK TO LESSEE'S SUPPLIER AND NOT LESSOR FOR RESOLUTION OF ANY PROBLEMS WITH THE EQUIPMENT.

LESSEE UNDERSTANDS THAT LESSOR IS RELYING ON LESSEE'S CERTIFICATION OF ITS SATISFACTION WITH THE EQUIPMENT IN DIRECTING PAYMENT OF THE SUPPLIER AND WOULD NOT DO SO BUT FOR LESSEE'S CERTIFICATION.

Quantity	Description of Equipment	
(2)	1981 International Truck	VIN #1HTAA17E48HA25146
(1)	1997 Mig Welder	VIN #1HTCA25548HA13564
(1)	1986 Chevrolet Truck w/Dump Body and Snow Blade	VIN #1GCHK34W4GJ129988
(1)	1994 Chevrolet Suburban	VIN #1GNFK16K8RJ361025

Ed Hanslovan Coal Co., Inc.

Lessee

Date:

5/9/00

By: Edward Hanslovan Its: Pres.  
Authorized Signature

Title

## CERTIFICATE OF INCUMBENCY AND AUTHORITY

I, Edward Hanslovan, do hereby certify that I am the duly elected, qualified, and acting Secretary of Hanslovan Coal Co., Inc., a Pennsylvania corporation; that the persons whose names, titles and signatures appear below are duly elected (or appointed), qualified and acting officers of said Corporation and hold on the date of this Certificate the offices set opposite their respective names; that the signatures appearing opposite their respective names are the genuine signatures of such officers; that each of such officers is duly authorized for and on behalf of such Corporation to execute and deliver any Equipment Lease and/or Corporate Guaranty between said Corporation and MidAtlantic Financial, Inc. and all agreements, documents, and instruments in connection therewith, including without limitation, Rental Schedules, Certificates of Inspection and Acceptance, and that the execution and delivery of any such Equipment Lease, Rental Schedules, Certificates of Inspection and Acceptance, and all other agreements, documents and instruments in connection therewith for and on behalf of said Corporation is not prohibited by or in any manner restricted by the terms of said Corporation's Certificate of Incorporation, its by-laws, or of any loan agreement, indenture or contract to which said Corporation is a party or under which it is bound.

Name of Officer

Title of Officer

Signature of Officer

Edward Hanslovan

Pres

Edward Hanslovan

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Corporation this 10 day of Nov, 19 77.

Mary Hanslovan  
Secretary

## ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)  
10/02/00

PRODUCER Burns & Burns - Clearfield (814) 765-9695 P.O. Box 830 Clearfield, PA 16830		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERNS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.
		INSURERS AFFORDING COVERAGE
INSURED Ed Hanslovan Coal Co., Inc R.D. #2., Box 230 Morrisdale, PA 16858		INSURER A: Rockwood Casualty Insurance Co.
		INSURER B:
		INSURER C:
		INSURER D:
		INSURER E:

## COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
	GENERAL LIABILITY				EACH OCCURRENCE	\$
	COMMERCIAL GENERAL LIABILITY				FIRE DAMAGE (Any one fire)	\$
	CLAIMS MADE <input type="checkbox"/> OCCUR				MED EXP (Any one person)	\$
					PERSONAL & ADV INJURY	\$
					GENERAL AGGREGATE	\$
	GEN'L AGGREGATE LIMIT APPLIES PER:				PRODUCTS - COMP/OP AGG	\$
	POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC					
A	AUTOMOBILE LIABILITY	BAP103716	09/30/00	09/30/01	COMBINED SINGLE LIMIT (Ea accident)	\$1,000,000
	ANY AUTO				BODILY INJURY (Per person)	\$
	ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
	SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$
	X HIRED AUTOS					
	X NON-OWNED AUTOS					
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$
	ANY AUTO				OTHER THAN EA ACC	\$
					AGG	\$
	EXCESS LIABILITY				EACH OCCURRENCE	\$
	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$
						\$
	<input type="checkbox"/> DEDUCTIBLE					\$
	RETENTION \$					\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS	OTH ER
					E.L. EACH ACCIDENT	\$
					E.L. DISEASE - EA EMPLOYEE	\$
					E.L. DISEASE - POLICY LIMIT	\$
A	OTHER Physical Damage	BAP103716	09/30/00	09/30/01	Actual Cash Value: Comp Ded \$1,000 Coll Dec \$1,000	

## DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

Mid Atlantic Financial, Inc. is additional insured regarding auto liability and loss payee regarding auto physical damage  
1981 International Truck w/1997 Mig Welder (Vin: 1HTAA17E4BHA25146) - \$19,000  
1981 International Truck (Vin: 1HTCA25548Hal2564) - \$8,000  
(See Attached Descriptions)

CERTIFICATE HOLDER	ADDITIONAL INSURED/INSURER LETTER:	CANCELLATION
Mid Altantic Financial, Inc. 100 E. Murray Road, Suite 206 McMurray, PA 15317		SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.
		AUTHORIZED REPRESENTATIVE <i>Stuart L. Brown</i>

## **IMPORTANT**

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

### **DISCLAIMER**

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

**DESCRIPTIONS (Continued from Page 1)**

1986 Chevrolet Truck w/Dump Body & Snow Blade (Vin: 1GCHK34W4GJ129988) - \$5,000  
1994 Chevrolet suburban (vin: 1GNFK16K8RJ361025) - \$29,943

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA  
CIVIL DIVISION

MIDATLANTIC FINANCIAL, INC.,  
a corporation,

Plaintiff,  
v.

No. 2001-

EDWARD HANSLOVAN AND  
MARY HANSLOVAN,  
individuals,

Defendants

VERIFICATION

The undersigned, \_\_\_\_\_, avers that the statements of fact contained in the attached Complaint in Confession of Judgment are true and correct to the best of his information, knowledge and belief, and are made subject to the penalties of 18 Pa. Cons. Stat. Ann. Section 4904 relating to unsworn falsification to authorities.

Date \_\_\_\_\_

A handwritten signature in black ink, appearing to read "S. H. H.", is written over a horizontal line.

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA  
CIVIL DIVISION

MIDATLANTIC FINANCIAL, INC.,  
a corporation,

Plaintiff,  
v. No. 2001-

EDWARD HANSLOVAN AND  
MARY HANSLOVAN,  
individuals,

## Defendants

## **CONFESSiON OF JUDGMENT**

Pursuant to the authority contained in the warrant of attorney, the original or a copy of which is attached to the complaint filed in this action, I appear for the Defendants and confess judgment in favor of the Plaintiff and against Defendants as follows:

Principal Sum	\$14,522.00
Other authorized items:	
Late charges	626.00
Interest	970.16
Attorney's fees 20%	3,223.63
<b>Total</b>	<del>\$19,321.79</del>

Attorney for Defendants

**FILED**

Atty pd. \$20.00

JOSEPH M. HANSLOVAN  
10/3/2001

1cc E. Hanslovan w/Notice  
1cc M. Hanslovan w/Notice

William A. Shaw  
Prothonotary

Statement to Atty

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY ,  
PENNSYLVANIA  
STATEMENT OF JUDGMENT

COPY

MidAtlantic Financial, Inc.  
Plaintiff(s)

No.: 2001-01503-CD

Real Debt: \$19,341.79

Atty's Comm:

Vs.

Costs: \$

Int. From:

Edward Hanslovan  
Mary Hanslovan  
Defendant(s)

Entry: \$20.00

Instrument: Confession of Judgment

Date of Entry: September 10, 2001

Expires: September 10, 2006

Certified from the record this 10th day of September, 2001.

---

William A. Shaw, Prothonotary

\*\*\*\*\*

SIGN BELOW FOR SATISFACTION

Received on \_\_\_\_\_, \_\_\_\_\_, of defendant full satisfaction of this Judgment, Debt, Interest and Costs and Prothonotary is authorized to enter Satisfaction on the same.

---

Plaintiff/Attorney

**COPY**

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA  
CIVIL DIVISION

MIDATLANTIC FINANCIAL, INC.,  
a corporation,

Plaintiff,  
v.

No. 2001-1503-C

EDWARD HANSLOVAN AND  
MARY HANSLOVAN,  
individuals,

Defendants

**NOTICE OF ENTRY OF JUDGMENT**

TO: EDWARD HANSLOVAN AND MARY HANSLOVAN  
Box 230, Route 2  
Morrisdale, PA 16858

TAKE NOTICE that on the 10<sup>th</sup> day of September, 2001,  
judgment was entered against you in the above captioned case in  
the amount of \$19,341.79, plus interest and costs.

---

PROTHONOTARY

---

LOUIS B. SWARTZ, ESQUIRE  
ATTORNEY FOR PLAINTIFF  
SEEWALD, SWARTZ & ASSOCIATES  
16TH FLOOR, LAW & FINANCE BLDG.  
PITTSBURGH, PA 15219  
412/288-0300

**COPY**

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA  
CIVIL DIVISION

MIDATLANTIC FINANCIAL, INC.,  
a corporation,

Plaintiff,  
v.

No. 2001-1503-CJ

EDWARD HANSLOVAN AND  
MARY HANSLOVAN,  
individuals,

Defendants

**NOTICE OF ENTRY OF JUDGMENT**

TO: EDWARD HANSLOVAN AND MARY HANSLOVAN  
Box 230, Route 2  
Morrisdale, PA 16858

TAKE NOTICE that on the 10<sup>th</sup> day of September, 2001,  
judgment was entered against you in the above captioned case in  
the amount of \$19,341.79, plus interest and costs.

---

PROTHONOTARY

---

LOUIS B. SWARTZ, ESQUIRE  
ATTORNEY FOR PLAINTIFF  
SEEWALD, SWARTZ & ASSOCIATES  
16TH FLOOR, LAW & FINANCE BLDG.  
PITTSBURGH, PA 15219  
412/288-0300

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA  
CIVIL DIVISION

MIDATLANTIC FINANCIAL, INC.,  
a corporation,

Plaintiff,  
v.

EDWARD HANSLOVAN AND  
MARY HANSLOVAN,  
individuals,

Defendants

No. 2001-1503-CD

**AFFIDAVIT**

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF ALLEGHENY

Before me, the undersigned authority, personally appeared Louis B. Swartz who, being first duly sworn according to law, deposes and says that the judgment being entered by confession in the captioned proceedings is not being entered against a natural person in connection with a consumer credit transaction.

Louis B. Swartz

Sworn and subscribed before  
me on this 5th day of  
September, 2001.

*Christina Shafer*  
My commission expires

Notarial Seal  
Christina Shafer, Notary Public  
Pittsburgh, Allegheny County  
My Commission Expires Jan. 31, 2004  
Member, Pennsylvania Association of Notaries

**FILED**

Sep 17 2001

V A. Shaw  
Notary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA  
CIVIL DIVISION

MIDATLANTIC FINANCIAL, INC.,  
a corporation,

Plaintiff,  
v.

No. 2001- 1503-CD

EDWARD HANSLOVAN AND  
MARY HANSLOVAN,  
individuals,

Defendants

CERTIFICATE OF ADDRESSES

I hereby certify that the addresses of the parties in the  
captioned proceedings are:

Plaintiff: MidAtlantic Financial, Inc., 100 E. McMurray  
Road, McMurray, Washington County, Pennsylvania 15317.

Defendants: Edward Hanslovan and Mary Hanslovan, Box 230,  
Route 2, Morrisdale, Clearfield County, Pennsylvania 16858.

LOUIS B. SWARTZ, ESQUIRE  
ATTORNEY FOR PLAINTIFF  
SEEWALD, SWARTZ & ASSOCIATES  
16TH FLOOR, LAW & FINANCE BLDG.  
PITTSBURGH, PA 15219  
412/288-0300

FILED

SEP 10 2001

William A. Shew  
Prothonotary